

4. Ecolabels and marine capture fisheries

4.1 INTERNATIONAL AND NATIONAL MEASURES FOR FISHERIES SUSTAINABILITY

As outlined in previous chapters, ecolabels are a growing feature of international fish trade and marketing. They have emerged in the context of growing concerns about the state of the world's fish stocks, increased demand for fish and seafood, and a perception that many governments are failing to manage the sustainability of marine resources adequately.

Mechanisms to ensure the sustainability of fish stocks have been introduced by governments at the national, regional and international levels. These include:

- the United Nations Convention on the Law of the Sea (UNCLOS) (1982);
- the FAO Code of Conduct for Responsible Fisheries (the Code) (1995);
- the United Nations Fish Stocks Agreement (1995); and
- various regional fisheries management organizations (RFMOs).

The RFMOs facilitate international cooperation at the regional level for the conservation and management of highly migratory and straddling fish stocks. At the national level, governments are attempting to embed the principles and goals of the Code – now in its second decade of implementation – into their national fisheries management policies (FAO, 2009a). However, they are having varying degrees of success. As outlined in Chapter 1, the state of the world's fisheries remains fragile.

Disappointment with the pace of regulatory measures to curb overfishing and to improve fisheries sustainability has led environmental groups to develop alternative market-based strategies for protecting marine life and promoting sustainability. These private market mechanisms are designed to influence the purchasing decisions of consumers and the procurement policies of retailers selling fish and seafood products, as well as to reward producers using responsible fishing practices. Ecolabels are one such market-based mechanism.

4.1.1 What are ecolabels?

To recap, ecolabelling is a market-based tool to promote the sustainable use of natural resources. Ecolabels are seals of approval given to products that are deemed to have fewer impacts on the environment than functionally or competitively similar products.¹¹ The ecolabel itself is a tag or label placed on a product that certifies that the product was produced in an environmentally friendly way. The label provides information at the point of sale that links the product to the state of the resource and/or its related management regime.

Sitting behind the label is a certification process. Organizations developing and managing an ecolabel set standards against which applicants wishing to use the label will be judged and, if found to be in compliance, eventually certified. The parent organization also markets the label to consumers to ensure recognition and demand for labelled products. The theory is that ecolabels provide consumers with sufficient information to enable them to recognize and choose environmentally friendly products.

¹¹ For a discussion of the theoretical foundations, institutional and legal aspects of ecolabelling, see Wessells *et al.* (2001).

A range of ecolabelling and certification schemes exists in the fisheries sector, with each scheme having 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, NGOs, and even some combinations of stakeholders. A few governments have also developed national ecolabels.

4.1.2 Too many labels?

Many commentators have referred to the “proliferation” of ecolabels. Seafood buyers, retailers and large commercial brand owners in particular have expressed concerns about the range and diversity of ecolabels that, when coupled with the other private standards and certification schemes in fisheries and aquaculture (including the safety and/or quality schemes described in Chapter 5), complicate their fish and seafood procurement models. Market research suggests that consumers are also confused about the various messages and labels confronting them as they make choices about which fish and seafood to purchase. Fishers too have to decide which certification schemes have the most credence in the market and offer the most returns.

Despite the obvious proliferation of labels *per se*, participants at a recent OECD/FAO Round Table on Ecolabelling and Certification in the Fisheries Sector (OECD/FAO, 2009), concurred that in capture fisheries at least, there are not “too many ecolabels”. Indeed, in terms of private schemes that actually certify fisheries as sustainable, there are very few choices on offer. Two schemes – on the basis of the number of fisheries certified and the resulting volumes of certified fish and seafood products entering international markets – stand out as the most internationally significant. This chapter reviews the range of ecolabelling schemes in capture fisheries but uses these two main schemes most often as illustrative examples.

This chapter:

- briefly describes the history of ecolabels and the various types of certification schemes;
- analyses the market penetration of ecolabelled products and the determinants of a market conducive to sales of ecolabelled products;
- outlines the international responses to the ecolabels phenomenon including the FAO Guidelines for the Ecolabelling of Fish and Fishery Products from Marine Capture Fisheries;
- discusses the opportunities and challenges presented by ecolabels and certification schemes for the various stakeholders in the fish and seafood supply chain (producers, processors, retailers and consumers);
- examines the specific challenges and opportunities for developing countries;
- briefly discusses the implications of ecolabels and certification for international trade (further discussion is included in Chapter 5); and
- presents some scenarios for the future and highlights areas requiring further attention.

4.1.3 A brief history of ecolabels

The first fisheries ecolabelling initiatives appeared in the early 1990s and were largely concerned with incidental catch, or bycatch, during fishing. For example, the “Dolphin Safe”¹² label was based on standards developed by the United States NGO Earth Island Institute and is focused on dolphin bycatch in the tuna industry (rather than the sustainability of tuna stocks). Other mechanisms used by NGOs include:

¹² See www.earthisland.org/dolphinSafeTuna for a description of how the label and standards function.

- publicity campaigns or organized boycotts of certain species deemed to be threatened such as the “Give Swordfish a Break” campaign in the United States in the late 1990s, or the “Take a pass on seabass” campaign;
- consumer guides to influence consumers purchasing decisions. The World Wide Fund for Nature (WWF) produces consumer guides on sustainable seafood for a range of countries. Other examples include the United Kingdom Marine Conservation Society’s Fishonline,¹³ “The Best Fish Guide” of the New Zealand Royal Forest and Bird Protection Society¹⁴, “Canada’s Seafood Guide” by SeaChoice,¹⁵ and “Seafood Lovers’ Guide”¹⁶ of Audubon or the Monterey Bay Aquarium’s “Seafood Watch”¹⁷ in the United States. Some of these guides take the form of tools that consumers can utilize at the point of purchase such as “wallet cards”, or are communicated via text messaging. They give information about which species to avoid (referring to “red lists”) and those that are deemed environmentally safe to purchase; and
- putting pressure on retailers to introduce sustainable procurement policies for fish and seafood. This is perhaps most developed in the United Kingdom, where Greenpeace initiated its league table, “Ranking of the sustainability of supermarkets’ seafood” (Greenpeace, 2006).¹⁸ That league table has since been replicated in other markets. Some NGOs also use “naming and shaming” strategies such as protests outside retail outlets deemed to be selling unsustainable products.

Strategies to steer consumers away from species deemed to be at risk are often a blunt instrument as they fail to distinguish between responsible and less responsible fishers targeting the same species or even working in the same fishery. For example, the “Take a pass on seabass” campaign to encourage consumers to avoid seabass from a particular country, based on concerns about IUU fishing and fishing methods, affected other fishers of the same species regardless of how responsible their practices were.¹⁹ Moreover, confusion arises when species are included in “red lists” but some fisheries of that species have been certified as sustainable by an ecolabelling scheme (such as New Zealand hoki, Chilean seabass and some tuna fisheries). An attempt to create a consensus seafood guide was made by the Sustainable Seafood Initiative of the University of Rhode Island (URI) (Armsby and Roheim, 2008), showing the similarities and differences between the different seafood guides. The criteria by which the guides are created differ, as do their recommendations. For example, Greenpeace sees deep-sea bottom trawling as the main threat to marine resources, while other groups focus on bycatch issues. By definition, seafood guides are simple; they are designed to be used by consumers when making purchasing decisions. They are not sophisticated enough for use by seafood buyers or other industry stakeholders.

Some NGO strategies can be seen in terms of a continuum from more reactive mechanisms that highlight and “shame” bad practice, to more proactive activities – encouraging consumers to purchase fish from sustainable stocks, and working with retailers to improve their procurement policies. The development of ecolabels and certification has gone one step further.

¹³ www.fishonline.org.

¹⁴ www.forestandbird.org.nz/what-we-do/publications/-best-fish-guide.

¹⁵ www.seachoice.org.

¹⁶ www.audubon.org/campaign/lo/seafood/.

¹⁷ www.montereybayaquarium.org/cr/seafoodwatch.aspx.

¹⁸ Greenpeace, “A recipe for Change”, October 2006, www.greenpeace.org.uk.

¹⁹ The campaign was related to Chilean seabass. Since then, the Patagonian toothfish (seabass) fishery off South Georgia has gained MSC certification as sustainable. See IntraFish, 21 September 2009.

Fisheries certification

The development of the MSC in 1997 went further upstream in the supply chain to target fisheries and fisheries management. It certifies an actual fishery as being both sustainable and sustainably managed. The MSC certification attempts to recognize producers using responsible fisheries practices. Its outreach work is designed to encourage retailers to procure those products and consumers to buy them. Initially developed by Unilever and the WWF, the MSC has operated independently of those two parents since 1999. The MSC is a key player in the ecolabel trend and has stimulated the development of other schemes. Other certification schemes have been operating for some time. They vary in terms of scope, sponsorship, assessment criteria and levels of transparency. The following section offers a typology of ecolabelling and certification schemes based on the nature of the organization behind the initiative.

4.1.4 Types of ecolabelling and certification schemes

4.1.4.1 Non-profit or non-governmental organizations

Non-governmental organizations have been the front-runners in developing ecolabelling schemes in the fisheries sector.

Dolphin Safe

As noted above, Dolphin Safe was developed by the NGO Earth Island Institute in 1990 and is concerned mainly with Dolphin bycatch. It maintains agreements with tuna companies worldwide, and monitors them to “ensure the tuna is caught by methods that do not harm dolphins and protect the marine ecosystem”.²⁰ It is unclear what proportion of global tuna sales the label accounts for, but it is likely to be significant given that, as the Earth Island Institute claims, the standards are “adhered to by more than 90 percent of the world’s tuna companies”. Dolphin Safe has been criticized by other NGOs (notably Greenpeace) for not taking account of other sustainability factors, such as the sustainability of tuna stocks or the other environmental impacts of tuna fishing.

Marine Stewardship Council

As noted above, the MSC was set up by the WWF and Unilever in 1997, but has been independent of them for more than ten years. The MSC is arguably the most comprehensive fisheries certification scheme in that it covers a range of species and deals with all aspects of the management of a fishery. The MSC has qualified for membership of the ISEAL as being consistent with its “Code of good practice for setting social and environmental standards”.

The MSC has two standards: on “sustainable fishing” and on “seafood traceability”. The MSC owns the standards against which independent third-party certifiers assess conformance. Its “Fisheries Assessment Methodology”, and “standardized assessment tree” focus on three pillars: independent scientific verification of the sustainability of the stock; the ecosystem impact of the fishery; and the effective management of the fishery. All three pillars are assessed on the basis of a range of indicators. Aspects related to the species, the fishing gear used, and the geographical area, are all included in the assessment. A study by Caswell and Anders (2009) concluded that it is the scheme most often referred to in the seafood industry media, and has variously been described as the “industry standard”. Another recent study (MRAG, 2009)²¹ revealed that a

²⁰ www.earthisland.org/dolphinSafeTuna/consumer/.

²¹ The MRAG study found that of the 25 supermarkets they studied, the MSC was “by far the most frequently referred to” (MRAG, 2009, p. 174).

significant number of retailers and brand owners refer to the MSC in their seafood sustainability procurement policies.

Some 150 fisheries around the world are engaged in some stage of the MSC assessment process (including pre-assessment) (MSC, 2009). Fifty-six fisheries have so far been certified.²² The MSC claims to cover “about 7 percent of the annual global wild harvest” of fish and seafood, accounting for 42 percent of the global wild salmon catch and 40 percent of the global white fish catch. However, not all fish from a certified fishery will end up with the MSC label attached. The actual volume of MSC-labelled product on the market as a proportion of overall traded fish products is likely to be considerably less significant in terms of global trade. While there are no robust statistics on the proportion of MSC-labelled products on the global market, FAO estimates suggest that the volume of MSC-labelled products on the market may only be statistically significant in the context of specific European markets. In a study carried out for FAO in 2007, Poseidon Ltd. estimated MSC products as then accounting for 0.3 percent of globally traded seafood by value.²³ Sales of MSC-labelled fish and seafood of an estimated US\$1.5 billion is minor when seen against a fisheries commodity market amounting to US\$101 billion in global export sales (FAO, 2010).

As of late 2009, more than 2 500 MSC-labelled products were available on the market (MSC, 2009); this is double the number (1 200) on sale at the beginning of 2008, and more than four times the number (600) available in early 2007,²⁴ showing just how dynamic the market for certified fish and seafood is. Today, MSC products are sold in 52 countries around the world.

*Friend of the Sea*²⁵

Friend of the Sea (FOS) has its origins in the Earth Island Institute. Set up in 2006, its founder is also the European Director of Dolphin Safe. It covers both wild and farmed fish and its criteria also include requirements related to carbon footprint and “social accountability”.

Certification is based on the sustainability of the stock, rather than whether the fishery is sustainably managed. Its certification methodology is based on existing official data in terms of stock assessment. Friend of the Sea says it will not certify stocks that are “overexploited” (based on FAO definitions of levels of exploitation), fisheries using methods that affect the seabed and those that generate more than 8 percent discards. Certification is undertaken by independent third-party certifiers.

Friend of the Sea claims to be “the main sustainable seafood certification scheme in the world” covering some 10 percent of the world’s wild capture fisheries.²⁶ It should be noted that 80 percent of the 10 million tonnes of landed FOS certified product from capture fisheries (8 million tonnes) comes from Peruvian anchovies.²⁷ Again, it is unclear what proportion of that product ends up as labelled products for retail sale.

There are about 600 FOS products (including fish oil and omega-3 supplements) sold in 26 countries²⁸ and covering 70 species both from wild capture and aquaculture.

²² www.msc.org, accessed 12 October 2009.

²³ See Poseidon, Certification and branding of fisheries products: options and decision-making in APFIC countries, Presentation to APFIC regional workshop on Certification Schemes for Capture Fisheries and Aquaculture, Ho Chi Minh City, Viet Nam, 18-20 September 2007.

²⁴ R. Howes, Chief Executive, MSC, personal communication, 2008.

²⁵ See www.friendofthesea.org.

²⁶ www.friendofthesea.org.

²⁷ Figures given by P. Bray, presentation to the OECD/FAO Round Table on Ecolabelling and Certification in the Fisheries Sector, The Hague, April 2009.

²⁸ www.friendofthesea.org, accessed 9 October 2009.

Other NGO schemes

Other NGO-driven schemes include KRAV²⁹, a Swedish NGO that specializes in organic farming but which has recently developed a “standard for sustainable fishing” and Naturland³⁰ in Germany also with a background in certifying organic farmed seafood but now with a “Scheme for the Certification of Capture Fishery Project”, which includes social, economic and ecological sustainability criteria. To date, Naturland has only certified one fishery (Nile perch from Buboka in the United Republic of Tanzania).

4.1.4.2 Industry bodies

Certifying good fishing practices

National and regional industry bodies have also developed certification schemes. Many are not ecolabelling schemes in the strictest sense but rather provide certification of good fishing practices. For example, in 1998, the Canadian fishing industry launched a voluntary scheme covering all commercially harvested marine and freshwater species that certifies the good practices used on board fishing vessels. In 2006, in the United Kingdom, the Seafish Industry Authority launched a scheme covering all aspects of vessel operations, including environmental considerations and traceability. Developed in conjunction with the British Standards Institute, the specifications are audited by an accredited independent certification body, Moody Marine. Under the Responsible Fishing Scheme, certified vessels can be searched online.³¹

Fishing company in-house ecolabels

A few individual fishing companies have created their own ecolabels. For example, the Spanish group Pescanova, one of Europe’s largest fishing companies, which fishes globally and has interests in the processing sector, has created a logo that appears on a limited range of its packaged products. The logo states that the fish concerned has been caught in a way that “preserves the aquatic and marine ecosystem for maintaining the quality, diversity and availability of fish resources for today and future generations”. This in-house scheme claims to be based on the Code.

Fishing industry association ecolabelling schemes

The Japan Fisheries Association, an umbrella group for some 400 fishing companies, founded the Marine EcoLabel-Japan (MEL) in December 2007. The MEL operates as a non-profit part of that association. It could be seen as a response to a developing interest in ecolabelled fish and seafood in the Japanese market. Indeed the stated rationale behind the label was to “respond to the situation proactively and establish their own ecolabelling scheme, which is most suitable to the situation of the Japanese fisheries”.³² As of January 2010, only three fisheries have been certified to the fledgling label. It is likely to have significance only in the Japanese market.

In Iceland, Fiskifelag, an umbrella body for the Icelandic fishing industry developed a plan to promote and market the sustainability of Icelandic fisheries to international markets. This has since gained public sector support and has morphed into an Icelandic ecolabel or logo based on Iceland’s “Statement on Responsible Fisheries in Iceland”. The statement was signed by both industry and government representatives. The logo is in essence a label of origin but based on Iceland’s fisheries sustainability credentials. Certification will be conducted by independent accredited certifiers and will amount to third-party certification of Iceland’s fisheries management with conformance being judged against a standard or specification linked to the FAO Guidelines for the

²⁹ www.krav.se.

³⁰ www.naturland.de.

³¹ rfs.seafish.org.

³² www.suisankai.or.jp.

Ecolabelling of Fish and Fishery Products from Marine Capture Fisheries. Assessments have been initiated in 2010.³³ The ecolabel, while the initiative of industry, could now best be described as a public–private partnership between industry and government.

International industry sector groups

The International Fishmeal and Fish Oil Organisation (IFFO),³⁴ an international non-profit organization representing fishmeal and fish-oil producers and related trades throughout the world, has recently (September 2009) launched a “Global Standard for Responsible Supply” along with a related third-party certification scheme and label “IFFO Assured” (which is likely to have a largely B2B value). The scheme has both a sustainability angle (“commitment to the responsible sourcing of raw materials” for fishmeal and fish oil) and a safety and quality angle (“the safe production of ingredients for aquaculture, agriculture and directly in the production of consumer products”). Applications for certification are currently being processed in Denmark, Peru and the United States. The IFFO expects that 15–20 fisheries could be certified within the next year.³⁵ The IFFO recognizes MSC certifications as compliant with its standard (and therefore recognizes equivalency).

4.1.4.3 Public ecolabelling schemes

Recently, some public authorities, most notably the Government of France and the EU, have set up their own ecolabels. They are described here in the interests of completeness.

France

The Government of France has chosen to create its own national ecolabel and related certification scheme. This decision was based on a feasibility study³⁶ undertaken in 2008 by the French authority, FranceAgriMer. As part of that process, it examined existing private ecolabels, including for consistency with the FAO Guidelines for the Ecolabelling of Fish and Fishery Products from Marine Capture Fisheries. It concluded that, of the existing ecolabels, only the MSC was fully compliant with those guidelines. However, it also concluded that the MSC model would not fit all fisheries. It decided to adopt a public framework to meet the needs of its fishing industry as defined by the feasibility study; a scheme that was less costly than the MSC, easily recognized by consumers (along the lines of the French public quality label, Label Rouge), and one that was consistent with the FAO guidelines but went beyond them with the inclusion of social and economic criteria.

The public label does not preclude the certification of French fisheries to other private ecolabels. Indeed, certification to other labels will be encouraged; a number of French fisheries are currently in assessment with the MSC.³⁷ Forty-five French seafood processors have been awarded MSC-chain-of-custody certification. The MSC has recently set up an office in Paris to promote the label to the French market.³⁸

³³ K. Thorarinnsson, Federation of Icelandic Fishing Vehicle Owners, presentation to the OECD/FAO Round Table on Ecolabelling and Certification in the Fisheries Sector, The Hague, April 2009.

³⁴ www.iffonet.net.

³⁵ P. Marshall, An overview of the IFFO Global Responsible Sourcing Standard, presentation to IAFI World Seafood Congress, Morocco, October 2009.

³⁶ The results of this feasibility study are available (in French) online at www.ofimer.fr/Pages/Ofimer/Publications.html.

³⁷ From the proceedings of the OECD/FAO Round Table on Ecolabelling and Certification in the Fisheries Sector, The Hague, April 2009.

³⁸ msc.co.org, news release 14 October 2009.

European Union

The EU has a generic ecolabel (the “Flower” label) that is also applicable to fish and aquaculture. However, this does not preclude the adoption of other private voluntary ecolabelling schemes. In addition to its own label, the EU is also developing minimum criteria for voluntary ecolabelling schemes in fisheries (based on the FAO guidelines).³⁹

4.1.4.4 Retailers

A few retailers have developed their own sustainability labels. For example, in 2005, the large French retail chain Carrefour, the second largest retailer in the world, set up its own ecolabel, “Pêche responsable”. However, to date, only four species carry the label. Carrefour also stocks MSC-labelled products, both frozen products under its “Agir Eco Planete” label and fresh fish at its fish counters.

In a survey of retailers carried out for FAO⁴⁰, most retailers interviewed reported that they were generally averse to creating their own ecolabel, noting that it would not be cost-efficient given the existence of other accessible schemes, and that building an in-house ecolabel could be risky (if a scheme was discredited, it would be difficult to disassociate from it). In contrast, associating with a credible independent ecolabelling scheme offers benefits with marginal risks (described below).

As noted above, many of the world’s largest retailers have endorsed the MSC. In February 2006, Wal-Mart, the largest retailer in the world, set a goal to procure all its wild-caught seafood for North America from MSC-certified fisheries within three to five years.⁴¹ Asda (part of the Wal-Mart Group) in the United Kingdom has also pledged support to the MSC and has a target of buying wild-caught fish only from MSC certified sources by 2010. Many retailers in the United Kingdom have also associated themselves in some way with the MSC (Tesco, Sainsbury’s, Waitrose, and Marks and Spencer). Marks and Spencer has a target of 100 percent MSC-certified fish by 2012. Whole Foods Market, with 270 stores across the United States and in the United Kingdom, stocks MSC products and has a link to the MSC (as well as Ocean Trust) on its Web site.⁴² A consortium representing 99 percent of Netherlands retailers has a commitment to selling only fish certified by the MSC and GLOBALG.A.P (aquaculture) by 2011.⁴³ Germany’s largest supermarket chain, Edeka, has announced that it will source only from MSC-certified fisheries (and sustainable aquaculture sources) by 2011.⁴⁴ Manor Switzerland (which accounts for 10 percent of the Swiss seafood market) has a commitment to FOS.⁴⁵ As discussed below, some of these procurement targets have been downgraded in the light of shortfalls in supply of certified fish and seafood.

The remainder of this chapter refers most often to the MSC and FOS, as the two schemes that – on the basis of their international scope, the number of fisheries certified and the claimed volumes of certified fish and seafood products entering international markets – stand out as the most internationally significant private voluntary ecolabelling schemes.

³⁹ Presentation by R. Bates, Policy Officer, DG Maritime Affairs and Fisheries, European Commission, at the OECD/FAO Round Table on Ecolabelling and Certification in the Fisheries Sector, The Hague, April 2009.

⁴⁰ Interviews conducted with retailers by M.C. Monfort, Seafood Marketing Consultant, between late 2006 and early 2007.

⁴¹ P. Redmond, Vice President, Wal-Mart Seafood and Deli, see www.walmartstores.com.

⁴² www.wholefoodsmarket.com.

⁴³ “Dutch retailer sector commits to MSC, GlobalGap seafood”, IntraFish, www.intrafish.com, 14 December 2007.

⁴⁴ “German supermarket giant, WWF launch green sourcing policy”, IntraFish, www.intrafish.com, 6 February, 2009.

⁴⁵ www.manor.ch/Fr/corporate/media.cfm?fuseaction=main&articleID=144&start=1.

4.2 MARKET PENETRATION OF ECOLABELLED PRODUCTS

Fish and seafood certified under ecolabelling schemes do not always end up as ecolabelled products on sale to the final consumer. Indeed, probably only a small percentage of certified raw material ends up as a labelled product. Many buyers procure certified fish but do not display it with the relevant ecolabel. In this case, an ecolabel, designed as a B2C tool (appearing on products for retail), has more of a B2B value. The certification process, including the inherent chain-of-custody and traceability guarantees, is the most important element.

Certification gives the processor or retailer assurance of the products' source and the production process, with potential returns to their reputation and brand, but is not promoted to the final consumer. Similarly, certification schemes managed by industry groups are typically B2B models aimed at commercial buyers rather than private consumers.

So, what is the real market presence of ecolabelled fish and seafood, and what are the determinants of a market conducive to sales of ecolabelled fish and seafood products?

4.2.1 Volumes

It is difficult to estimate the volume of ecolabelled certified products on the international market. The MSC and FOS claim 7 percent and 10 percent respectively of world's capture fisheries – when put together they account for less than one-fifth of wild capture product. It is certain that the real volume of traded ecolabelled products is significantly less than that. Indeed, of the MSC's 6 million tonnes of seafood landed from certified fisheries, only about 2.5 million tonnes ends up carrying the MSC label (MSC, 2009). A significant proportion of FOS-certified fish goes into products such as fishmeal and fish food that will not end up as labelled products on supermarket shelves (although the farmed fish they feed may do). Other schemes in existence currently cover fairly insignificant volumes of product.

Overall, the market presence of ecolabelled products is likely to be modest, and significantly lower than the publicity surrounding such products would suggest. For example, in 2006, the supermarket chain Sainsbury's accounted for 22.3 percent of the United Kingdom market share of fresh fish and ranked third in Greenpeace's league table of suppliers of sustainable fish (Greenpeace, 2006), yet ecolabelled products only made up about 1 percent of its sales (Porritt and Goodman).

Despite the claimed exponential growth in the number of MSC-labelled products on the market, the presence to date of MSC products is still concentrated in certain markets and limited to certain species. Products being the FOS label appear to be even more concentrated.

4.2.2 Concentrated markets

Products certified by FOS are highly concentrated in certain markets. A report prepared for the international Fish Sustainability Information Group (MRAG, 2009) found that the largest number of FOS consumer product lines on sale is in Italy, where FOS is based, followed by Switzerland and Spain.

An analysis of MSC-labelled products and where they are sold is also revealing. An analysis of the products on sale as of 30 September 2009⁴⁶ reveals that most are sold in a limited range of countries. Six markets (Germany, the Netherlands, United States, United Kingdom, Sweden and Switzerland) account for two-thirds (67 percent) of MSC products on sale. Germany alone accounts for one-fifth of MSC products on sale. However, this concentration is less pronounced than previously. In March 2007, five markets (Germany, Sweden, Switzerland, United Kingdom and the United States) accounted for almost three-quarters (72 percent) of MSC sales.

⁴⁶ Information provided by the MSC, 11 October 2009.

Some markets have seen dramatic change. In 2007, only six MSC products were on sale in the Netherlands. In 2009, the Netherlands had some 373 MSC-labelled products on sale, reflecting the commitment made by Netherlands retailers to source only MSC certified seafood by 2011. Similarly, in Japan of MSC-labelled products on sale went from 14 to 167, and in France the number rose from 13 to 146 products.

4.2.3 Consumer awareness and active civil society

Most of the markets in which ecolabelled certified products are sold have some features in common: a relatively affluent, eco-aware population; a strong civil society; and an active media. In theory, for an ecolabel to have any impact, consumers must recognize it and know what it stands for. While research suggests that individual ecolabels are not particularly well recognized by consumers,⁴⁷ environmental NGOs such as Greenpeace and the WWF are particularly strong in the markets where ecolabelled products have the greatest presence (e.g. Germany, United Kingdom, the Netherlands).

In southern Europe, notably in Spain and Portugal, the environmental movement is less evident. The Italian market similarly has a modest interest in sustainability; the presence of FOS products is likely to be a reflection of the fact that FOS is based in Italy and of the popularity of the types of product (canned tuna, sardines and anchovies) carrying the FOS label there. Consumer preference for fresh versus frozen fish plays also a role, as explained below.

The French market has traditionally been more concerned with quality and provenance than with environmental concerns, preferring French products and quality schemes (Siggs, 2007). The development of interest in sustainable seafood, and in MSC-labelled products in particular, has been attributed to (including in a report to the French Senate) the activities of Findus France.⁴⁸ Findus is part of the larger Foodvest group, described below, that has a significant attachment to the MSC born in the United Kingdom market. The development of a national French public ecolabel could be seen as an attempt to tap into a growing interest in ecolabels – the increasing presence of MSC products and an MSC office in Paris – and channel it towards the traditional preference for local products.

Asian markets remain fairly disinterested (Jacquet and Pauly, 2007), with the exception of Japan; Japan's MEL is perhaps an attempt to promote Japanese products in this context.

In any case, consumers' behaviour, however, does not always match their opinions (Box 3).

4.2.4 Consumption patterns

Consumption patterns show that populations in markets where there is less sensitivity to environmental concerns consume a wider range of fish and seafood products.

A Seafood Choices Alliance survey found that southern European countries have a greater variety of species on sale compared with northern European markets. In Germany, for example, in 2007 four species represented more than 60 percent of seafood sales (Seafood Choices Alliance, 2007, p. 6). In the United Kingdom, Sainsbury's claims to sell more MSC products "than any other United Kingdom retailer". However, 80 percent of the fish it sells is limited to five species: cod, haddock, tuna, salmon and prawns.⁴⁹

Whether or not this "substitutability" of seafood products has any bearing on the level of consumer concern about fish stocks and sustainability for the future cannot be verified, but it is perhaps a factor in the overall demand for ecolabelled products.

⁴⁷ The MSC has recognized this and is putting more effort into publicly promoting the label.

⁴⁸ "French ecolabel report endorses MSC", IntraFish, 22 December 2008.

⁴⁹ www.sainsburys.co.uk, accessed 16 October 2009.

Similar dynamics might occur in the Asian market, where there has been little reported evidence of consumers discriminating between products on environmental grounds.

Northern European consumers also tend to prefer frozen seafood while their southern counterparts prefer fresh fish. For example, less than 10 percent of the seafood market in Germany is fresh fish, while frozen seafood accounts for over 40 percent of the market (Seafood Choices Alliance, 2007, p. 6). Northern Europeans also purchase more processed and prepared products – Germany and the United Kingdom are the largest European markets for breaded and battered seafood products (Seafood Choices Alliance, 2007, p. 6). Products certified by FOS (anchovies, tuna, etc.) are similarly sold as canned or preserved products. These are all types of products that lend themselves to the attachment of a label at the point of sale. Hence, the consumption patterns in various markets – both in terms of types of seafood consumed and the level of value-addition – appear to be another factor in the concentration of ecolabelled products in certain markets.

BOX 3

Consumer demand – reliable?

Consumers' actions do not always match their stated intentions. They are generally more sensitive to factors that affect them directly, such as safety, quality and price. For example, data collected on consumer preferences in the United States indicated that “about 70 percent of respondents chose ecolabelled shrimp, salmon or cod over non-ecolabelled”. An econometric analysis to determine what factors influence the choice of ecolabelled fish concluded that choice is still affected most by price: “As the premium increases, the likelihood that the respondent would chose the ecolabelled product over the non-ecolabelled product declines.” (Wessells *et al.*, 2001). Similar results were observed for Norwegian consumers. Further research by Johnston and Roheim on consumers in the United States found that consumers were not willing to sacrifice their favourite (by taste) seafood species to purchase a less-favoured species with a “no overfishing” ecolabel”. A recent study published by the Organisation for Economic Co-operation and Development (Fliess *et al.*, 2007, p. 53) also concluded that: “Consumers are receptive to information about how internationally traded goods are produced, but they are unwilling to trade off price and quality for Corporate Social Responsibility [CSR] attributes of a product”. However, non-governmental organisations continue to claim that consumers are willing to pay a premium. For example, Greenpeace, in “A recipe for Change” noted that “Retail polls... revealed that... 86 percent of those surveyed would prefer to buy seafood reliably labelled as environmentally responsible and 40 percent would be willing to pay an extra 5-10 percent more for such products” (Greenpeace, 2006, p. 5). Market research suggests that, with the recent economic downturn, consumer behaviour is increasingly influenced by price (Banks, 2009).

4.2.5 Concentration of ecolabelled species

Sales of ecolabelled products similarly appear to be concentrated in certain species. Products certified by FOS are highly concentrated in one species – as noted above, Peruvian anchovies account for 80 percent of the volume of its certified landed product.

Products certified by the MSC are also fairly concentrated in certain species. In April 2009, the MSC claimed to cover 42 percent of the global wild salmon catch, 40 percent of the global “prime whitefish” catch (cod, pollock, hake, etc.) and 18 percent of the

global spiny lobster catch.⁵⁰ However, the salmon is all from the Alaskan salmon fishery, which accounts for almost one-third (31 percent) of all MSC products on sale. The Alaskan salmon and Pollock fisheries combined account for more than half (56 percent) of MSC products. The top six fisheries account for more than three-quarters (78 percent) of those products. In terms of species, these are salmon, hake type fish (Alaska pollock, New Zealand hoki and South African hake), or herring (Norwegian and North Sea). These species lend themselves to processing into products that can be packaged and, therefore, are conducive to carrying a label at the point of sale (e.g. in the form of processed fillets, ready-made meals).

4.2.6 Distribution issues

How fish products are distributed in markets also has an impact on the penetration of ecolabelled products.

4.2.6.1 Supermarkets

In Germany, the Netherlands and the United Kingdom, markets where there is the highest concentration of ecolabels, supermarkets play an increasingly significant role in the retail of fish and seafood products. Large supermarkets offer a conducive environment for the sale of ecolabelled products – they are more likely to sell packaged products that lend themselves to the attachment of a label. In the United Kingdom, the consistent frontrunner in Greenpeace's league table (ranking the sustainability credentials of supermarkets' seafood policies) is Marks and Spencer, which concentrates on processed and packaged seafood products. In addition, large supermarket chains are more likely to own private labels or "own brands" that would benefit from the addition of being certified as eco-friendly. Moreover, they have the economies of scale to promote "niche" products.

In contrast, southern European markets with more of a reliance on fresh fish markets (including wet fish counters in supermarkets), are less conducive to the sale of ecolabelled products. Ecolabelled products that have gained a foothold in those markets tend to be canned or preserved products such as tuna, sardines, mackerel and anchovies. The Asian market is also fairly traditional in terms of the distribution of fish and seafood, characterized by fresh fish sales rather than processed, packaged and frozen products.

Retailers play an important role in "educating" consumers. As noted above, while NGOs were the initial drivers of environmentally friendly purchasing, retailers have taken up the baton, and are now key players in pushing sustainability awareness. For retailers, the decision to stock and promote ecolabelled fish products is an insurance policy against negative publicity from NGOs (such as Greenpeace protests outside supermarkets in the United Kingdom). However, rather than simply responding to demand, retailers are now driving it by asserting sustainability values, often as part of their CSR policies. Sustainability is an increasingly important element in the seafood procurement policies of large supermarket chains. This is particularly the case in markets where there is intense competition between retailers.

In some markets, retailers compete to be the most eco-friendly firm. Greenpeace produces league tables of supermarkets and their seafood sustainability credentials in several markets – since conducting its original scorecard for the United Kingdom (see Table 3) in 2005 – including in the United States (Greenpeace USA, 2009), Canada (Greenpeace Canada, 2009), the Netherlands, Sweden and Norway, and Germany.

⁵⁰ R. Howes, Chief Executive MSC, presentation to OECD/FAO Round Table on Ecolabelling and Certification in the Fisheries Sector, The Hague, 22–23 April, 2009.

TABLE 3
Ranking of the sustainability of supermarkets' seafood, United Kingdom

	Sustainability of wild-caught seafood	Sustainability of farmed seafood	General issues*	Rank and grade (2006)	Rank and grade (2005)
M&S	A	A	A	1	1
Witrose	A	A	A	2	2
J Sainsbury	B	B	A	3	3
Coop	C	B	C	4	4
Asda	C	D	B	5	9
Morrisson	C	D	B	5	8
Tesco	C	D	B	5	6
Somerfield	D	D	D	8	5
Iceland	E	E	E	9	7

* General issues: The brands and ranges of seafood covered by seafood procurement policies; transparency of policies and their implementation; and promotion of sustainable seafood.

Note: A=highest rating; E=lowest rating.

Source: Greenpeace.

4.2.6.2 Processors

Interest in sustainability has been growing in the processing sector. Often in response to demands from retailers (where their products will be sold)⁵¹ but also to tap into the sustainability market themselves, fish and seafood processors have developed specific procurement policies with a sustainability element. Where the processor manufactures strong commercial brand products, the attachment of an ecolabel can add value to the brand. There might also be an element of competition between private labels (or retailers' house brands) carrying an ecolabel and commercial brand products. Sustainability initiatives in the processing sector are stronger in countries where ecolabels are most embedded.

Foodvest Ltd. (see Box 4) provides an illustrative example of how some in this segment of the industry are responding to, and driving, an interest in sustainable fisheries and ecolabels. Foodvest is said to be the "world's Number one buyer of MSC-labelled products".⁵² Its Young's brand has brought a considerable presence of the MSC label to the United Kingdom market while its Findus brand has had a significant impact on the presence and interest in ecolabels, especially the MSC, in France.

As noted above, Dolphin Safe maintains agreements with tuna canning companies worldwide and claims that 90 percent of the world's tuna companies adhere to its standards. A number of European canneries use the FOS label on their packaging (Generale Conserve S.p.A. in Italy, Imperconser S.A. in Portugal, and Société Nouvelle Aveiro Maroc in Morocco).

4.2.6.3 The foodservice industry

The role of the foodservice industry in the distribution of seafood varies considerably by country. In the United States, this segment dominates with about two in every three seafood meals eaten outside the home. In Italy, Portugal and Spain, the catering industry's share of seafood sales peaks at about one-quarter. In these southern European countries, seafood is predominantly prepared and eaten at home.

The foodservice industry has been slow to embrace fish sustainability issues. In Europe, the industry in most markets is highly fragmented with a large number of

⁵¹ P. Hajipieris, Director of Sustainability and External Affairs, Birds Eye Iglo – UK and Europe, presentation to the OECD/FAO Round Table on Ecolabelling and Certification in the Fisheries Sector, The Hague, 22–23 April, 2009.

⁵² "French ecolabel report endorses MSC, Findus", IntraFish, December 22, 2008.

small-sized independent establishments. A small number of restaurants, mainly in the United Kingdom and the Netherlands, have sought and achieved MSC chain-of-custody certification. Only recently has there been any connection between this industry and ecolabels.

A few large-scale restaurant chains, in the United States and in Europe, have announced new procurement policies that refer to ecolabels. Brakes, a leading supplier to caterers in the United Kingdom and France, promotes MSC products. In March 2003, Brakes and its specialty seafood supplier M&J Seafood became the first foodservice suppliers in the United Kingdom to carry an MSC product. It is also involved in the MSC “Fish & Kids” programme⁵³ (which is partly government funded) to put sustainable seafood on school menus.

In March 2006, Compass Group North America, the largest contract foodservice company in the United States, announced a shift in purchases away from threatened fish species towards sustainably sourced supplies.⁵⁴ By May 2009, it claimed that 70 percent of the seafood it sold was from sustainable sources.⁵⁵ Also in the United States, Darden Restaurants Inc. (the “largest casual dining restaurant company in the United States”, and operator of well-known restaurants such as the Red Lobster brand) also includes sustainability issues in its seafood procurement policies (Bing, 2007). McDonald’s has operated Sustainable Fisheries Guidelines since 2005 (Box 5), and says that in the past five years it has shifted more than 18 000 tonnes of fish away from unsustainable sources.⁵⁶ It refers to the MSC in its corporate responsibility policies.

BOX 4

Foodvest Ltd – responsible fish procurement

Foodvest Ltd. is one of Europe’s largest seafood processors. The group sells products under two very strong consumer brands: Young’s, the leading supplier of chilled and frozen seafood to the United Kingdom market; and Findus, the major brand for frozen seafood in France and the Nordic countries. The company sells products using some 60 species of fish, originating in 30 countries. The group’s procurement policy incorporates a set of ten major rules – “10 principles for responsible fish procurement” – including a commitment to carry out objective assessments of the environmental efficiency of all fish purchases. For every species and fishery, a full set of criteria are screened and the ecological and commercial risks assessed and ranked as low, average or high. Notably, all Marine Stewardship Council (MSC) fisheries are *per se* considered as low-risk supplies. Young’s supplies about 80 percent of the MSC products available in the United Kingdom market. It has been a strong supporter of the MSC since 1997 and M. Parker, its Deputy Chief Executive Officer, currently serves on the MSC Board of Trustees. During an industry presentation at the Groundfish Forum on October 2007, he explained that “Seafood sustainability is central to our business agenda”. Its French arm, Findus, has had a considerable influence in bringing ecolabels to the French market. In 2007, Findus launched some “sustainable lines” and claimed “a seven-fold increase in sales of such products in France”. At that time, according to its own figures, Findus manufactured 80 percent of the “sustainable seafood products” retailed in France (see “French industry alliance to lead sustainability drive”, IntraFish, 23 November 2007).

⁵³ www.fishandkids.org.

⁵⁴ “Chains join the quest for sustainable fish supplies: some operators struggle with mixed messages from environmental groups”, Nation’s Restaurant News, 27 November 2006.

⁵⁵ “Compass Group cuts 1.5 million pounds of unsustainable seafood”, IntraFish, 18 May 2009. Sustainability is determined by reference to the Monterey Bay Aquarium guidelines and in collaboration with the Environmental Defense Fund.

⁵⁶ www.mcdonalds.com/corp/values/purchasing/supply_initiative/sustainable_fisheries.html.

In general, however, despite some key players adopting procurement policies based on sustainable fish stocks, and publicity driven by celebrity chefs (as in the United Kingdom and France), this sector is less likely to attach itself directly to an ecolabel, and its influence overall in the international ecolabels debate has been relatively small.

4.2.7 Determinants of a market conducive to ecolabels

The above discussion suggests a range of factors that determine whether or not a market will be conducive to sales of ecolabelled fish and seafood products.

To recap, the market is likely to have:

- an environmentally aware population based on a strong civil society active in the environmental/sustainability area;
- retail of fish and seafood products dominated by supermarkets (typically large retailers in highly competitive market) rather than fresh fish markets;
- consumption patterns based on a traditionally limited range of fish and seafood species leading to lower substitutability of product; and
- strong tradition and presence of processed and/or packaged fish and seafood products that lend themselves to the attachment of a label.

The market penetration of ecolabelled products is currently fairly modest. The main demand for ecolabelled products appears to be in pockets of the European market. The market for them in the United States is developing steadily.

BOX 5

McDonald's Sustainable Fisheries Programme

McDonald's purchases 50 000 tonnes of fish annually. Its fisheries guidelines were developed in partnership with Conservation International and are implemented collaboratively with the Sustainable Fisheries Partnership. The guidelines outline "clear, measurable criteria that rate currently approved and potential future fisheries with the latest scientific information". The ratings address three criteria:

- fisheries management practices – (e.g. compliance and monitoring);
- fish stock status – (e.g. biomass levels); and
- marine environment and biodiversity conservation – (e.g. protecting vulnerable marine habitats).

This system "provides McDonald's with a sustainability snapshot for key source fisheries. If a fishery shows signs that something may be amiss, we first support improvements, but if those improvements are not made within agreed timeframes, we will cease sourcing from that fishery". For example, since 2007 McDonald's has progressively ceased to buy Russian Alaskan pollock, "because those fisheries did not address sustainability concerns".* McDonald's Global Fish Forum "reviews the ratings, shares updates on global sourcing, investigates alternatives for stressed species and develops recommendations for future species usage".

McDonald's argues that: "McDonald's standards are consistent with the Marine Stewardship Council's (MSC) Principles of environmentally responsible and sustainable fishing. The vast majority of McDonald's fish is already sourced from MSC certified fisheries. Working with the Sustainable Fisheries Partnership, McDonald's is supporting efforts of remaining supply fisheries to seek additional verification of their own sustainability through MSC or other credible, third-party certification programs".

* Russian pollock is apparently now in MSC pre-assessment.

Source: McDonald's corporate social responsibility – sustainable fisheries (www.crmcdonalds.com/publish/csr/home/report/sustainable_supply_chain/resource_conservation/sustainable_fisheries.html).

Overall, demand is growing rapidly. There is every indication that it will continue to increase as more retailers demand ecolabelled products, as those international supermarket chains expand further into markets in Asia and South America, and as middle-class populations in countries with a weak tradition of civic action related to environmental concerns start to emulate their counterparts elsewhere.

The ecolabels phenomenon has stimulated an ongoing debate in the international community. This is described below, followed by a discussion on the likely costs and benefits for the various stakeholders involved.

4.3 INTERNATIONAL RESPONSES TO THE ECOLABELLING PHENOMENON

When the MSC was first launched, the reactions of countries and industry groups were quite diverse. A report prepared in 1996 for the FAO Committee on Fisheries (COFI) showed a generally negative reaction on the part of many international industry groups (e.g. the International Coalition of Fisheries Associations, the Groundfish Forum).⁵⁷ Developing countries were particularly concerned that certification might create additional barriers to trade. The MSC initiative was criticized at the Ministerial Meeting of the Latin American Fisheries Development Organization in 1996. Countries with relatively effective fisheries management regimes appeared less perturbed by the move, perhaps seeing the potential benefits for their industry.

The mixed reaction to the MSC and fears of a proliferation of ecolabels led to calls for some international guidance in the area. The FAO Guidelines for the Ecolabelling of Fish and Fishery Products from Marine Capture Fisheries (the Guidelines) was an attempt to respond to this demand. The Guidelines are described below.

4.3.1 FAO Guidelines for the Ecolabelling of Fish and Fishery Products from Marine Capture Fisheries

The COFI first discussed the issue of ecolabels in 1996, when several countries expressed concerns about the transparency and potential impacts of the recently developed MSC scheme. However, at that point, there was no consensus that FAO should become substantively involved in the area.

In 1998, Norway, on behalf of the Nordic countries, submitted a proposal to the COFI Sub-Committee on Fish Trade, that FAO organize a Technical Consultation to investigate the potential to develop guidelines on the ecolabelling of fish. The ensuing Technical Consultation did not reach agreement on FAO's role in developing guidelines, except to concur that any future guidelines should be consistent with the Code, and that FAO should not be directly involved in the actual implementation of any ecolabelling scheme. It was not until the COFI session of 2003 that agreement was reached that FAO should develop guidelines on ecolabelling.

The FAO Guidelines were adopted in 2005 and contain three main sections:

- general principles and definitions;
- minimum substantive requirements and criteria; and
- procedural and institutional aspects.

These are briefly outlined below.

4.3.1.1 General principles and definitions

The Guidelines state that any ecolabelling scheme should be:

- consistent with relevant international law and agreements including: the 1982 United Nations Convention on the Law of the Sea (UNCLOS), the FAO Code of Conduct for Responsible Fisheries (the Code) and World Trade Organization (WTO) rules and mechanisms; and

⁵⁷ The Groundfish Forum is an annual meeting of "leading members of the global groundfish industry". In contrast to this earlier reticence towards ecolabels, it has since become engaged in the area; at its annual conference in October 2007, several presentations dealt with sustainability issues, including one by the Chief Executive of the MSC.

- voluntary, market-driven, transparent and non-discriminatory, including by recognizing the special conditions applying to developing countries.

4.3.1.2 Minimum substantive requirements and criteria

The minimum substantive requirements and criteria of any ecolabelling scheme should include the requirements that:

- The fishery is conducted under a management system that is based on good practice including the collection of adequate data on the current state and trends of the stocks and based on the best scientific evidence.
- The stock under consideration is not overfished.
- The adverse impacts of the fishery on the ecosystem are properly assessed and effectively addressed.

4.3.1.3 Procedural and institutional aspects

Any ecolabelling scheme should encompass:

- the setting of certification standards;
- the accreditation of independent certifying bodies; and
- the certification that a fishery and the product chain of custody are in conformity with the required standard and procedures.

4.3.1.4 Ongoing debates

Since the development of the Guidelines, FAO has been asked by its Member Countries, in the context of the COFI and the implementation of the Code, to help clarify some of the ongoing issues relating to private standards, such as ecolabels, as they apply to fish and seafood. Discussions have been held in the context of the COFI's Sub-Committee on Fish Trade.

4.3.1.5 FAO Sub-Committee on Fish Trade

Private standards and private certification have been on the agenda of the Sub-Committee on Fish Trade (the Sub-Committee) since 2006. In 2006, the Sub-Committee raised concerns about the increasing use of private standards and their impacts on international trade in fish and seafood products. In 2008, the Sub-Committee reiterated these concerns, noting a growing proliferation of private certification schemes, campaigns and ecolabels. The Sub-Committee was concerned that the many competing certifying claims could confuse consumers and thereby undermine public confidence in labels and standards generally. Some FAO Members were also concerned that monopolies could arise in certification, and that what were initially voluntary standards could become de facto mandatory standards with implications for international trade.

Under the auspices of the Sub-Committee, FAO initiated a process to review the Guidelines to further develop general criteria in relation to “stock under consideration” and any serious impacts of the fishery on the ecosystem (FAO, 2007b). An Expert Consultation was held in March 2008 to consider these matters. Its recommendations for amendments to the Guidelines were approved by the COFI in 2009. An Expert Consultation was held in May 2010 to develop guidelines for the ecolabelling of fish and fishery products from inland capture fisheries. The results of that consultation will be considered by the COFI in 2011.

The Sub-Committee and the COFI itself continue to monitor developments as ecolabels and other private standards influence international fish trade and market access opportunities. The Guidelines have become the international reference for ecolabelling certification schemes.

4.3.2 Opportunities and challenges for stakeholders

After more than a decade of experience with ecolabels, some assessments can be made about their impact in the fisheries sector. What is clear is that the global seafood industry is not a unified group. The costs and benefits of ecolabelling and certification accrue differently to different stakeholders. The following section attempts to describe the opportunities and challenges presented by ecolabelling schemes for the various stakeholders involved: fishers, importers and/or wholesalers, retailers and brand owners, and governments.

4.3.2.1 Fishers

There has been little in-depth analysis of the experiences of producers operating in fisheries that have gained certification to an ecolabel. As a result, there is a relative dearth of empirical evidence as to the actual costs and benefits. What follows is a list of the claimed costs and benefits of ecolabelling schemes from the perspective of producers. There is then a brief discussion of selected issues, based on some initial observations and experience to date.

The potential *benefits* articulated include:

- access to new markets;
- consolidation or expansion of market share in existing markets;
- greater credibility *vis-à-vis* retail buyers;
- potential for more value-added products, including through product differentiation (niche markets for environmentally friendly products);
- improved management of fisheries resources and resulting guarantees of future production potential; and
- increased earnings through an assumed price premium for ecolabelled fish and seafood.

In contrast, *costs* have been identified, including:

- the actual costs of certification, including experts' fees (outlined below);
- compliance costs related to adjustments in management practices, data collection and record-keeping, which is additional to existing government administrative requirements; and
- costs related to potential adjustments in fisheries management (for example, there might be a recommendation that catch limits are reduced to meet sustainability criteria).

Other *concerns* have been raised in relation to ecolabelling schemes, relating to:

- transparency and participation: standards are set by (foreign) “outsiders” and imposed on fishers;
- legitimacy: ecolabelling schemes are typically developed and controlled by private sector operators or NGOs, while some fishers would prefer to participate in a public scheme with some public accountability;
- applicability: concerns have been raised that current schemes do not lend themselves to multispecies or artisanal fisheries found in developing countries (the impacts on developing countries are discussed further below);
- impacts on trade: ecolabels might be used as a barrier to trade by importing countries and become “back door” protectionism;
- fears that schemes that are initially voluntary will eventually become mandatory; and
- governance: certification and labelling depends on the effective public management of marine resources. Poor institutional infrastructures pose a barrier to the certification of fisheries in those jurisdictions.

How much does certification really cost?

Producers lament the high costs of certification to an ecolabelling scheme. Recent research conducted by the URI's Sustainable Seafood Initiative (of MSC clients both certified and in assessment) confirmed that the fishing industry itself usually foots the bill for certification. Some 62 percent of successful certifications were funded by industry alone, 38 percent were paid for by some combination of industry, government or external grant, while just under 10 percent were paid for by government grants alone (Roheim and Seara, 2009). For example, the state government funded the certification of the Alaska salmon fishery (Roheim and Sutinen, 2006). Other public authorities – the Governments of the Netherlands and New Zealand and the EU – have funds available to help meet the costs of certification (described below).

The cost of certification can vary enormously depending on the scheme chosen, and even within the same scheme, on the size and complexity of the fishery. The cost for full assessment for certification to the MSC can range from about US\$10 000 for a simple small fishery to more than US\$250 000 for a large and more complex fishery.⁵⁸ The unit of certification can be an entire fishery or a component of a fishery. However, in the latter case, the entire fishery and its management is still assessed in order to determine the impact of that component on the overall fishery. The actual cost of MSC pre-assessment (which is confidential and gives an indication of the likelihood of certification being successful) can range from a few thousands United States dollars to a few tens of thousands of United States dollars. The certification of the Alaska pollock fishery (one of the largest fisheries in the world and, hence, an outlier) was reported to have cost US\$500 000 (Roheim and Sutinen, 2006, p. 220). During research for this technical paper, respondents invariably complained about the high cost of MSC certification. In contrast, FOS certification costs from about US\$2 000 as the assessment methodology involves less independent data analysis and is less time-consuming.

The overall cost of certification depends on the time involved in the certification process – the Alaska pollock fishery took four years to become fully certified. For MSC certification, timing varies according to the complexity of the fishery and the availability of sound and reliable scientific data. The more pre-existing data, the less costly the process, which means that certification is relatively cheaper for fisheries in countries where there is an effective fisheries management generally, and more costly for fisheries in data-deficient countries. For FOS certification, the process is less complex – involving no independent verification of data – and, hence, shorter. The certification process involves a preliminary assessment of the candidate by the FOS advisory board (usually taking one week). From there, an independent certification body evaluates existing official stock data (one day), following which a local on-site audit is conducted (2–10 days), and a traceability assessment carried out (one day).⁵⁹

The bulk of the certification costs relate to experts' fees (which accrue to certification companies not to the ecolabel standard owner). During interviews with stakeholders carried out for this technical paper, concerns were raised about the historically limited number of audit companies accredited to carry out an MSC certification, and the extent to which this was a factor in the "high" global cost of the assessment procedure. The MSC acknowledged that the small number of certifiers was problematic; over the past few years, the number of certifiers has increased considerably. The increased number of accredited certification bodies, depending on the level of competition this implies,

⁵⁸ R. Howes, Chief Executive, MSC, personal communication, 2008. The same costs were confirmed by Howes in April 2009 at the OECD/FAO Round Table on Ecolabelling and Certification in the Fisheries Sector. It should be noted that the costs of certification vary according to which company is carrying out the assessment. They are third-party assessments, hence fees are not determined by the MSC.

⁵⁹ P. Bray, Friend of the Sea, presentation to OECD/FAO Roundtable on Ecolabelling and Certification in the Fisheries Sector, The Hague, April 2009.

may have an impact on future fee structures. Moreover, the MSC has argued that costs should fall as a result of adjustments to its “standardized assessment tree” that leave less room for certifier interpretation. Certifiers present at the recent OECD/FAO Round Table on Ecolabelling and Certification in the Fisheries Sector agreed that, as they became more familiar with an assessment methodology, they become more efficient and were likely to be able to further contain costs.

Most of the fisheries certified by the MSC to date are large commercially significant fisheries, and tend to be based in countries with pre-existing, good fisheries management regimes and effective governance structures. For the bulk of these fisheries, the required management systems are already in place, while their commercial significance indicates an ability to pay.

Perceived high fees may or may not have deterred fisheries in developing countries from requesting certification. Very few certified fisheries are based in less developed countries. Any upgrading of systems or management required in countries with a poor public institutional infrastructure is likely to pose a barrier to certification. As Roheim and Sutinen (2006, p. 22) noted: “The major cost of certification remains... the cost of running a well-managed, sustainable fishery”.

Price premium – myth or reality?

There is only spotty evidence of price premiums accruing to certified fish and seafood. Research by the URI Sustainable Seafood Initiative (Asche, Insignares and Roheim, 2009) found price premiums at the retail level but acknowledged that this did not necessarily imply that any premium would accrue to fishers. At the 2009 OECD/FAO Round Table, some participants reported, if not price premiums, then less price volatility at the ex-vessel stage of the supply chain. Often, this was related to more direct supply relationships. The MSC’s recent publication, *Net Benefits* (MSC, 2009), which describes the experiences of the first 42 fisheries to be certified, concludes that the main beneficiaries of price premiums have been smaller-scale artisanal fisheries (all in developed countries) selling into niche markets. The price premiums described are all associated with more secure supply relationships, either with restaurants or, to a lesser extent, supermarkets.

In contrast, importers of Alaska pollock and Pacific salmon consulted for this research had not observed any change in price quotations from their certified suppliers based on certification. A supplier of Alaska pollock confirmed that there has been no price premium gained from certification and pointed to the fact that uncertified Russian pollock was fetching similar prices on the European market.⁶⁰ Netherlands fishers have expressed initial disappointment at the lack of any price premium for MSC certified North Sea herring.⁶¹ Similarly, the New Zealand Seafood Industry Council (SeaFIC) concluded that “It is difficult to identify any premium for hoki arising from certification”.⁶²

Price is a function of a multitude of factors, of which ecocertification is arguably not the most significant. Roheim argued in 2003 that certification could lead to some price stability for fishers as buyers had few substitutes and were therefore committed to purchasing from the limited number of certified fisheries. A South African industry source could not confirm a price premium but noted that his company was “able to stand firm on price knowing that a particular customer has specifically been needing MSC certified product that they have not been able to source elsewhere”.⁶³ Roheim also predicted in 2003 that any initial “reduction in price volatility will likely decrease”

⁶⁰ T. Halhjem, Trident Seafoods, and Vice-President of industry group, Genuine Alaska Pollock Producers (GAPP), personal communication, 2008.

⁶¹ “North Sea herring and the MSC: one year later”, www.intrafish.no, 3 December 2007.

⁶² A. Macfarlane, SeaFIC, personal communication, 2007.

⁶³ D. Handley, I&J, South Africa, personal communication, 2007.

as more fisheries become certified (Roheim, 2003). That is, with more competition between certified suppliers, there is likely to be less price stability. Any initial price premium or stability gained through certification is likely to level off as more certified producers enter the market. This may indeed be the case for larger fisheries in species where a significant proportion of world supply is similarly certified.

Market share: a case of diminishing returns?

Some respondents for this research noted returns from certification in terms of new business and/or consolidation of their market position. A South African industry source commented that: “There is no question that a large amount of new business has developed as a direct result of having MSC [certification]...Industry in South Africa have clearly seen higher demand for the product [certified hake] and regularly receive enquiries for certified product”.⁶⁴ In terms of certified Alaska pollock, an industry source noted: “the certification of the Alaska pollock fishery hasn’t attracted new customers as a result of the MSC ecolabel, but it has strengthened the company’s relationship with its existing customers.”⁶⁵

Will rewards in terms of market share also be a case of diminishing returns as more competitors become certified? In the white fish market, where MSC certified products are concentrated, certification is becoming more prevalent, although it is too early to tell whether it will become the new norm or “minimum standard” and what implications that would have for market access. There are some indications of peer pressure – that fisheries feel compelled to become certified when their competitors do.

Certification: choice or necessity?

A New Zealand industry source noted that “markets for hoki have become more concentrated towards the markets where ecolabelling has been promoted”.⁶⁶ There is an implication that certification is becoming a requirement for access to those markets. Indeed, South Africa’s application for certification of its hake fisheries followed that of New Zealand hoki, which was seen as a direct competitor. There were also concerns as to whether they could continue to supply to Unilever if they were not certified. The Namibian hake fishing industry agreed to support potential MSC certification⁶⁷ partly based on perceived competition with South African hake. An industry source there explained that they were responding to market pressure: “the industry agreed to take the process further because of market pressure. This pressure can be divided into two throngs: firstly, those that demand a certification because of their company philosophy (predominantly customers in Northern Europe) and secondly, those that compare the Namibians to the South African fishery and threaten to switch to supplies from that country because of their MSC certificate.”⁶⁸

The President of the Netherlands Pelagic-Trawlers Fishermen’s Association confirmed the extent to which some European fishers feel compelled to become MSC certified, noting that: “...price isn’t the reason to seek the MSC. In a few years’ time, you won’t be able to sell fish without it”.⁶⁹ This phenomenon was also noted by a South African industry source: “we have in the last 12–18 months had new product launches into Europe and the United States that have been on a ‘MSC or nothing’ basis”.⁷⁰ The Danish Fishermen’s Association recently announced plans to have all Danish fisheries

⁶⁴ D. Handley, I&J, South Africa, personal communication, 2007.

⁶⁵ R. Muir, Vice President of American Seafoods Group, personal communication.

⁶⁶ A. Macfarlane, SeaFIC, personal communication, 2007.

⁶⁷ The Namibian industry is awaiting government approval before going any further in the process towards certification.

⁶⁸ V. Kuntzsch, personal communication, 2007.

⁶⁹ “North Sea herring and the MSC: one year later”, www.intrafish.no, 3 December 2007.

⁷⁰ D. Handley, I&J, South Africa, personal communication, 13 December 2007.

certified to the MSC by the end of 2012.⁷¹ This “block” approach might help to contain costs as well as to promote the Danish industry overall as sustainable.

The decision to seek certification or not is based on a range of cost and benefit factors, including its affordability. A small group of fisheries in New Zealand recently became certified to FOS. The fisheries constitute the fleet operation of one company (Leigh Fisheries or “Lee Fish”) that was under pressure from a Swiss retailer to achieve third-party certification. The retailer concerned did not specify any preference for a particular scheme. According to a New Zealand industry source, the niche characteristics of the products from the fishing company – long-line caught, ultra-high-quality product sent chilled by air-freight to certain retailers in Germany and Switzerland – and the relatively small scale of the business “precluded the cost and comprehensive approach of the MSC”, so it “reached for the next most affordable certificate – Friend of the Sea.”⁷²

Consistency in certification

There have been concerns expressed about consistency in the certification process both within and between certification schemes. Anecdotal evidence suggests some “outliers” in terms of scoring fisheries, and that some applicants might have had an easier path to certification than others.

The certification and re-certification processes appear to be influenced by civil society. For example, the recertification of New Zealand hoki (October 2007) took longer than expected due in part to the level of objections to the certification, what the MSC acknowledged was a “very drawn-out objection process”.⁷³ Both WWF New Zealand and New Zealand’s Royal Forest and Bird Protection Society made formal objections to the hoki re-certification, claiming that the fishery was unsustainable despite significant cuts to catch limits imposed by the Government of New Zealand. Similar objections were raised by environmental groups during the Alaska pollock certification, and were said to have influenced the scoring process. More recently, NGOs raised objections regarding the MSC certification of the Fraser River Canadian sockeye salmon, citing concerns with the fisheries’ sustainability.

In response to these concerns, the MSC recognized that there were variations in scoring and initiated a “quality and consistency” project to ensure more consistency among certifiers, including by developing its aforementioned “standardized assessment tree”, and ensuring any re-assessment is judged against the same set of indicators. The project also reduced the number of indicators by which a fishery is assessed, and reviewed its objections process, with a view to making it more streamlined, cost-effective and quicker. The MSC argues that this will reduce the costly delays for fisheries seeking certification or recertification, and improve confidence in the credibility of those certifications.

The recent study commissioned by the Fish Sustainability Information Group (FSIG)⁷⁴ concluded that some FOS criteria lacked specific parameters to assess compliance, and that this may have resulted in those criteria being interpreted in different ways by different auditors (MRAG Ltd., 2009). Moreover, until recently, FOS only had a post-certification objections process. The United States Food Safety and Inspection Service study found that: “The value of this opportunity for stakeholder input is somewhat reduced... because very little information on the fisheries under

⁷¹ www.msc.org/newsroom/msc-news/archive-2009/denmark-goes-all-in-for-fisheries-ecolabel.

⁷² A. Macfarlane, NZ Seafood Industry Council, personal communication, 2009.

⁷³ R. Howes, presentation to Groundfish Forum, October 2007.

⁷⁴ Review of Sustainability information Schemes, Final report, Report prepared by MRAG for FSIG, January 2010.

audit is available on which stakeholders can base their comments” (MRAG, 2009, p. 34). However, during the period of the FSIG review, in mid-2009, FOS rectified this by introducing procedures for stakeholder input during the certification process.

FAO has not conducted any independent evaluation of the objections procedures of the schemes referred to. The FAO Guidelines call for stakeholder input into standards and a process for objections and complaints related to certification assessments. A fair and consistent certification process and balanced objections procedures are vital.

4.3.2.2 *Importers and wholesalers*

Importers of frozen MSC certified seafood interviewed for this research did not seem to have embraced the “raison d’être” of the process, with one respondent viewing it as “another fantasy of the supermarket chains”.⁷⁵ However, most saw the administrative costs (keeping records, completing specific documentation, and periodic audits) and the relatively small fee involved in the chain of custody certification (see Box 6)⁷⁶ as worthwhile in order to maintain relationships with clients requesting ecolabelled fisheries products.

One importer noted: “If our clients want it, we will get it for them”. Several importers interviewed said they became MSC certified in response to a direct request by a client. Overall, this sector appears to see MSC certification as a moderate additional constraint imposed by increasingly demanding clients. None of the importers reported having gained certification voluntarily to enlarge the range of products they would have on offer.

BOX 6

Chain-of-custody certification

The Marine Stewardship Council (MSC) has a specific traceability standard. The cost for certifying one level of chain of custody against this standard varies according to a risk assessment as to the likelihood of non-compliant products being mixed with labelled products. The number of sites managed by the operator is also relevant. The cost for certification will vary between markets, certification companies and the number of sites being audited. The cost for auditing one site typically includes one and a half days of audit, which could be invoiced at anywhere between US\$250 and US\$750 a day. If the company does not meet all the criteria, additional costs for upgrading procedures and/or premises may be involved. A typical Friend of the Sea (FOS) chain-of-custody audit takes half a day – similar certifier fees would apply.

4.3.2.3 *Retailers, processors and brand owners*

Retailers are clearly driving the ecolabelling phenomenon, seeing gains in terms of value-addition to their brand and reputation at relatively low or no cost. The higher competition between retailers, the more likely they are to strive for something that sets them apart. For example, in the United Kingdom, following effective pressure by Greenpeace, the five largest retailers (Tesco, Sainsbury’s, Asda, Safeway, and Marks and Spencer), which together account for more than 70 percent of total retail sales, have incorporated sustainability into their seafood procurement policies. In France, Auchan and Carrefour, direct competitors in selling through hypermarkets, have also marketed their sustainability credentials. The Food Marketing Institute (FMI) – which represents three-quarters of all grocery sales in the United States – has recently adopted a policy supporting sustainable seafood, encouraging its 26 000 members to “learn

⁷⁵ Anonymous, personal communication, 2007.

⁷⁶ A. Jackson, personal communication, 2008.

about the issues, consider sustainability in development of procurement policies and ‘explore’ seafood certification programmes”.⁷⁷ An article in the seafood media recently summed up this focus on sustainability saying: “every major seafood buyer in most every market is laser-focused on product that offers some guarantee of sustainability”.⁷⁸

Many retailers, wholesalers and buyers in the foodservice industries now have procurement strategies based on criteria related to sustainability. Some engage directly with relevant NGOs to develop those strategies, most refer to NGO seafood lists in order to avoid purchasing the most controversial species, and many also publicize a commitment to one or other ecolabel (see Box 7). For retailers, the costs of commitment to an ecolabel are relatively small, relating mainly to chain-of-custody certification and licensing fees where labels are used at point of sale and on private label (retailers’ private brand) products. The benefits can be significant.

BOX 7

Sainsbury’s sustainability strategy

Increasingly, retailers are embarking on a sustainability strategy. Some, like Sainsbury’s in the United Kingdom, use a traffic light sustainability rating system that was developed “by working closely with the Marine Conservation Society, suppliers, campaigners and industry experts”. It is attempting to convert its top five fish species (80 percent of its seafood sales) to “green” status on its traffic light scale by the end of 2010. Fish certified by the MSC is preferred. However, if MSC supplies are unavailable, then the sustainability rating system is applied.

Source: www.sainsbury's.co.uk, accessed 16 October 2009.

Adding value to private labels

As noted in Chapter 3, there is a strong link between the demands for certification and the increase in private label products. Private labels help build reputation by promoting products that carry the retailers name, and allow retailers opportunities to reap margins usually accruing to commercial brand owners. Private label items are a solid media for the retail chain identity and image. An ecolabel can add value to private label products and the overall brand. This does not mean that the actual ecolabel logo will always appear on seafood from MSC-certified fisheries. One retailer noted that they wanted to retain the “sustainability” value for their own brand saying: “We shall certainly buy MSC fish in the future but will not automatically promote the label.”⁷⁹ The sustainable character of the fish adds value to the retailer’s brand – the certification process and the guarantees it offers is often more important than the use of the ecolabel itself.

Similar returns related to value-addition also accrue to processors that link sustainability to their brands, including by attaching an ecolabel (such as those described above: Asdomar, Findus, Young’s, Birds Eye Iglo). Brand owners must respond to retailers’ requests for certified products (in order to achieve shelf space and position) but they also compete with retailers’ own private label products.

Risk management and ease of procurement

Ecolabelling schemes offer returns to retailers in terms of ease of procurement with guarantees, in particular related to traceability. The United Kingdom-based Seafood

⁷⁷ “Largest US retail trade group OKs sustainable seafood policy”, IntraFish, 23 January 2009.

⁷⁸ “To hell with ecolabels”, IntraFish, 13 February 2009.

⁷⁹ Personal communication with a fish purchase manager of a large retail chain (anonymous).

Choices Alliance quotes various retail industry sources and their views on ecolabels: “labels, schemes and certification provide the buyer with specific, guaranteed information about the product’s source and the way it was produced. The label makes purchasing “safer” for the corporate buyer, safeguarding brand and reputation”; and “the MSC gives us a license to trade with confidence and provides us full due diligence” (Siggs, 2007). For example, Sainsbury’s issued guidelines to their seafood buyers, with the first question being: “Is the product from an MSC-certified fishery? If yes, buy, subject to price and quality”.⁸⁰

Where retailers have confidence in the chain-of-custody audits carried out under an ecolabelling scheme, they can forgo their own audit of suppliers. Reliance on certification offers cost-efficiencies as well as providing another level of risk management by ensuring traceability from boat to point of sale. Robust traceability also helps to avoid the risk of inadvertently procuring illegally caught fish (Roheim and Sutinen, 2006). Moreover, it can shorten supply chains by enabling more direct relationships with suppliers.

Price premium

Most retailers are unwilling to divulge information about pricing. As noted above, research in the United Kingdom market by the URI Sustainable Seafood Initiative, using scanner data for frozen processed seafood products, found what the authors described as “the first robust indicator of retail price premiums” (Asche, Insignares and Roheim, 2009) for ecolabelled products (in this case MSC-certified pollock). Whether there is a consistent price premium attached to ecolabelled products at retail level remains to be seen. At the recent OECD/FAO Round Table on Ecolabelling and Certification in the Fisheries Sector, representatives from the retail and commercial brand sectors warned that the industry could not rely on consumers being prepared to pay a price premium for ecolabelled products and that affordability was increasingly important in the current economic climate. Other industry sources concur with this. A seafood buyer from a major United Kingdom retailer confirmed: “I do not think there is a premium specifically charged for MSC certification either when buying the raw material or selling at retail level. For example, assuming quality and all other factors are equal, the price of Canadian salmon⁸¹ is similar to MSC certified Alaska stock and we do not add any cost at retail level. The over-riding factor that sets price is still quality, however this can coincide with MSC certification”.⁸²

Most returns to both retailers and processors appear to be more indirect and related to reputation and brand value.

Costs

For retailers, the actual cost of certification and for using an ecolabel is relatively small and, where the retailer has no private label products, might only equate to chain-of-custody certification. Other indirect costs would include any special marketing of those products. In this area, retailers would benefit from any marketing of the label by NGOs or the ecolabel standard owner itself, which in effect is “free publicity”.

The cost of the use of the logo or label on products from a certified fishery is borne by whoever applies the logo to the product – either the processor with brand products or retailers in the case of private label products, that is, whoever exposes the product to the end consumer. Licence fees vary by labels. For MSC-certified products, the annual

⁸⁰ R. Howes, presentation to Groundfish Forum, October 2007.

⁸¹ Following this assessment, wild salmon fisheries in British Columbia announced their intention to seek MSC certification in response to competition with certified Alaska salmon in the United Kingdom market. See “UK retail demand drives B.C. decision to seek MSC label for wild salmon”, *IntraFish*, 15 January 2008.

⁸² Marks and Spencer seafood buyer, personal communication, 2007.

fee for using the logo is based on the value of the product at the first point of sale after application of the logo.⁸³ A minimum royalty is payable annually by the licensee to Marine Stewardship Council International (the trading arm of the MSC), which licenses the use of the MSC logo. Organizations selling up to US\$200 000 of consumer-facing product would pay US\$250 plus 0.5 percent of sales, or a fee of US\$250 for non-consumer-facing product. Organizations selling more than US\$200 000 up to US\$500 000 would pay US\$1 000 and 0.5 percent of sales for consumer-facing product and US\$1 000 for non-consumer facing. In contrast, FOS-certified companies are authorized to use the logo based on a licensing agreement and pay a standard yearly fee of EUR3 000 (about US\$4 200) for each product (EUR5 000 [about US\$7 000] for the first year, which includes audit costs).⁸⁴

4.3.2.4 Consumers

Ecolabels can provide consumers with specific information on where products come from and whether their harvest is sustainable. By purchasing fish and seafood products certified to a respected ecolabelling scheme, consumers can reassure themselves that their consumption is not having an adverse effect on fish stocks or the marine environment. Moreover, assuming no or minimal price premiums, they can “do the right thing” at little or no additional cost.

Consumer awareness and the willingness to purchase ecolabelled products over similar alternatives depend on good information. As noted above, many NGOs in the fisheries area are attempting to provide information to consumers as close as possible to the point of purchase (e.g. wallet cards, seafood guides).

However, the proliferation of ecolabels and other ethical product differentiators complicates consumers’ purchasing decisions. Faced with information from various NGOs promoting different issues (fair trade, organics, etc.), consumers can face “ethics confusion”. As noted in Chapter 3, it has been argued that consumers increasingly put their faith in trusted retailers to sift the information for them. The inclusion of a commitment to certified products helps the retailer to communicate its CSR to consumers and, in turn, helps consumers reduce the complexity of their purchasing decisions. Retailers increasingly adopt a range of product differentiators depending on the commodity – fair trade coffee, ecolabelled fish, organic fruit and vegetables – in the quest for the “green dollar”. Consumers are increasingly likely to go to a trusted retailer as a one-stop-shop for the range of their “ethical” product purchases rather than to differentiate their shopping in search of products bearing specific certifications or labels.

4.3.2.5 Governments: responses and implications

Governments’ have the ultimate responsibility to ensure food security for current and future generations. The protection of the public goods of fish stocks and related ecosystems is an important part of that equation. At another level, governments have to ensure that the conditions are right for their fishing industries to compete in international markets, where ecolabels are increasingly a part of buyer specifications and a factor in market access.

Governments have taken quite diverse approaches to the ecolabelling question. A few have supported the development of a public ecolabel, some have made funds available to industry to offset the costs of certification, some have allocated resources to help improve the administrative or management conditions required for industry-funded certification to be successful, while others have taken a conscious hands-off approach. Some illustrative examples are described below.

⁸³ For further information and a schedule of fees, see: www.msc.org/get-certified/use-the-msc-ecolabel/copy_of_use-the-msc-label.

⁸⁴ www.friendofthesea.org, accessed 11 November 2009.

(a) Government approaches to ecolabels

National ecolabels

France

As noted above, the Government of France is creating its own national ecolabel and related certification scheme, based on a feasibility study and consultation with industry that highlighted support for a purpose-built, national French scheme. Certification will be conducted by an independent, internationally recognized and accredited certification body, which will in essence involve third-party certification of the government's performance in fisheries management. The certification body will assess fishery conformance to a specification based on the FAO Guidelines.

Iceland

The Government of Iceland supported its fishing industry⁸⁵ to develop an Icelandic "logo" based on a "Statement on Responsible Fisheries in Iceland". That statement was co-signed by government and the fishing industry. Both industry and government believed that Iceland's fisheries management was sound and that fisheries were being exploited responsibly. Yet both also realized that there was a need for some mechanism to offer "proof" or verification that this was the case. The Icelandic logo will be a label of origin but with reference to sustainability.

Public financial support for certification to a private ecolabel

The Netherlands

In the Netherlands, the Minister of Agriculture, Nature and Food Quality recently announced that a fund of EUR1 million (about US\$1.4 million) would be made available to the country's fishing industry to become MSC certified, saying: "...Dutch fisheries will in the future be assessed on the basis of the MSC Standard for Sustainable Well-Managed Fisheries".⁸⁶ A ministry representative explained further that, because government regulatory measures had not achieved the required results, they were opting to use a private sector mechanism to incentivize more sustainable fisheries practices. This is one of the most explicit examples of a government utilizing a private ecolabel to pursue its public policy goals.

New Zealand

New Zealand, which exports 90 percent of its seafood products, has created the "Environmental Certification Fund", which offers grants to fisheries to help pay for the costs of certification. Applicants can apply for a grant of up to 75 percent of the cost of certification. The objective is to "promote environmental certification and other independent sustainability assessments as a tool to:

- enable the New Zealand seafood industry to respond to growing pressure for environmental sustainability;
- promote and improve the management and environmental performance of New Zealand fishing and aquaculture, including impacts of fishing and aquaculture on the aquatic environment;

⁸⁵ www.fisheries.is.

⁸⁶ G. Verburg, Minister of Agriculture, Nature and Food Quality, the Netherlands. Opening address to the OECD/FAO Round Table on Ecolabelling and Certification in the Fisheries Sector, The Hague, 22–23 April, 2009.

- build public confidence in the management of New Zealand fishing and aquaculture; and
- raise the profile of New Zealand’s seafood sector.”⁸⁷

The then Minister of Fisheries was quoted as saying: “New Zealand manages its fisheries carefully to ensure sustainability but we need to be able to prove that to our consumers... Independent ecocertification is the best way to do that and the New Zealand Government is supporting the New Zealand fishing industry to gain certification through management assistance and planning and through providing grants to help with the costs”.⁸⁸

The New Zealand fisheries that are currently MSC certified account for about one-third of New Zealand’s annual landed catch. As noted above, another small group of New Zealand fisheries are FOS certified.

European Union

The EU also has resources available for environmental projects, albeit not specific to fisheries; both France and the Netherlands apparently took advantage of these in defining their respective approaches to fisheries ecolabels.

(b) Hands-off approach to ecolabels

Other governments have taken a hands-off approach to ecolabels and certification.

United States

The approach of the United States has been to consider ecolabels and certification as private contracts, and hence it has chosen not to participate directly in the private sector certification of fisheries. The National Marine Fisheries Service (NMFS) clarified its role and responsibility on the matter (NMFS, 2005). The policy of the NMFS is to neither endorse nor participate directly or indirectly in the private sector certification of fisheries. However, with respect to private sector certification, the NMFS will provide information to both applicants and certification entities.

Canada

Canada sits somewhere between the hands-on approach of the former examples and the hands-off approach of the United States. Responding to its industry’s engagement with ecolabels, it has introduced management changes, such as redesigning data systems to fit the information demands of certification, and taking steps to reduce administration and transaction costs.⁸⁹

(c) Policy issues arising

How ecolabels and certification affect national fisheries policies and wider public policy frameworks has not been studied in great depth. While governments might balk at private outside interests evaluating the effectiveness of their fisheries management regime, they might also see the certification process as a support to their conservation policies by helping to incentivize industry to adopt more environmentally friendly fishing practices.

Whatever approach governments take towards ecolabelling and certification, they need to be aware of the implications of that decision. If they decide to endorse a particular private scheme that has current credence and acceptance in the market,

⁸⁷ www.fish.govt.nz/en-nz/Commercial/ECF.htm?WBCMODE=PresentationUnpublis.

⁸⁸ P. Heatley, then New Zealand Minister of Fisheries quoted in: “New Zealand dives deep into MSC”, IntraFish, 6 May 2009.

⁸⁹ Information derived from interventions by L. Ridgeway, Director General, International Policy and Integration, Fisheries and Oceans, Canada, at the OECD/FAO Round Table on Ecolabelling and Certification in the Fisheries Sector, The Hague, April 2009.

it might imply a contingent liability if at some point in the future that scheme fails to deliver promised gains or ceases to exist. Does it transfer too much power to the private sector – with implications for policy sovereignty – especially if demands and requirements of those schemes increase over time? In contrast, developing a national ecolabel is expensive and may not be accepted by the market. Ultimately, it is large-scale buyers and their choice of which schemes they require their suppliers to be certified to that decide which ecolabels gain traction in the market. Governments need to consider how private market mechanisms fit into their overall governance framework for sustainable fisheries. In doing so, they can also help to ensure that any potentially benefits are realized, and any costs managed.

Some important policy dilemmas are starting to emerge.

(d) Resource allocation and policy frameworks

Government policies tend to have multiple goals. Fisheries policies might include considerations of food security, social equity, employment, and maximizing export earnings as well as sustainability and the efficient utilization of natural resources.

Fisheries seeking certification put pressure on governments to allocate resources to areas and/or activities that may not be entirely consistent with existing policy frameworks and trajectories. Governments have to decide if they should allocate resources accordingly, either financial or in administrative and policy “effort”; such as providing data, creating new data streams, conducting scientific research, and creating and implementing the “conditions” required for certification (which may include requirements to change policy, management settings and/or surveillance). For example:

- Companies involved in longline fishing of Alaska cod requested a federal government grant of US\$500 000 towards research on the impacts of lost longline gear, as recommended by the MSC certification process of that fishery.
- Tori lines (to deter birds that could end up as bycatch) are now mandatory on all trawling vessels in South Africa, apparently following on from a condition of the MSC certification of the South African hake fishery.
- A condition of MSC certification of United States North Pacific halibut was for the fisheries to pressure public agencies to improve on-board monitoring of bycatch, which has resulted in changes to the North Pacific Council’s observer programme.⁹⁰
- The recent MSC certification of the Japanese Tosakatsuo Skipjack Pole and Line Fishery includes the condition that Japan “promotes and supports management actions put forward to further improve and formalize the international and Japanese fisheries management framework”.⁹¹

Government responses to the demands of fisheries engaged in the certification process might affect the pace and timing of ongoing fisheries management reforms.

(e) Equity and fairness

Assuming economies of scale, it is currently relatively cheaper for a larger fishing firm or larger fishery to achieve certification. If that means that smaller firms competing in the same fishery, or fishers operating in smaller or data-poor fisheries, are excluded from lucrative international markets, governments might be called on to deal with resulting equity issues. Those operators might request assistance to allow them to compete. Governments might also be called on to assist fishing operators facing high-risk markets, or those markets where demands for certification are more prevalent. As discussed above, demands for certification are stronger in some markets and species

⁹⁰ These examples are drawn from case studies by the MSC of the first fisheries to be certified (see MSC, 2009). It is acknowledged that some of these changes might have occurred anyway.

⁹¹ Fishnewseu.com, 4 November 2009.

than in others. Impacts on trade and access to international markets will also influence governments' responses to ecolabels and certification. Less sustainable fisheries may be competing for scarce public resources against fisheries seeking certification or even recertification. The equation for determining where efforts should be focused is complex; for example, should the focus be on poor performers, on transitional fisheries, or on fisheries with the potential to bring in export earnings?

Governments have to determine a framework for the fair and effective allocation of public resources available for fisheries management. Resource allocation decisions are particularly complex when the demands are driven by a private market-based mechanism. Governments have to deal with these equity impacts, yet are not driving the changes that created them. Responses to ecolabelling and certification should ideally be consistent with overall management policy frameworks. Where a management framework is based on principles of cost-recovery, public authorities might decide to recover the costs of public responses to certification from those likely to benefit from the certification. On the other hand, if fisheries seeking certification fail because the assessment process reveals deficiencies in the overall public management of fisheries – a government responsibility – the pressure will fall on public authorities to foot the bill.

(f) Public investment in ecolabels

If governments decide to engage actively in the ecolabels phenomenon, other issues arise. Should resources be available to fisheries seeking certification to any and all ecolabels, or should governments play a role in deciding which are the more robust and credible labels? In order to decide whether or not to invest resources in certification and labelling of fisheries, governments might need to judge which labels are preferred by buyers and, therefore, affecting trade opportunities. A related question is: Will there be an ongoing market for certified products? Is the ecolabel and associated standard legitimate and stable? What levers, if any, do governments have to ensure ongoing good governance in a private scheme?

These questions highlight the value of some sort of benchmarking tool to assess the credibility of the various ecolabelling schemes on offer (discussed below).

In developing countries, concerns about the impacts of ecolabelling schemes have been more acute.

4.3.3 Ecolabels and developing countries: bonus or barrier?

Developing countries account for 50 percent of the world's traded fish and seafood by value, and 61 percent by volume (FAO, 2010). Some 50 percent by value of the fisheries exports from developing countries ends up in developed country markets (FAO, 2010). Given this dependency on developed country markets, how is the trend towards ecolabels affecting developing countries?

To date, fisheries in developing countries represent a small minority of certified fisheries. Most of those fisheries are large-scale, such as the South African hake fishery. Developing countries' underrepresentation is due to three main factors:

- The lack of an economic imperative for certification. Developing countries have a limited presence in the markets, species, types of products, and supply chains where pressure to be certified is greatest.
- Ecolabelling schemes do not translate well into the typical conditions of the fisheries environment in developing countries (insufficient fisheries management regimes, data deficiencies, small-scale multispecies fisheries).
- The high costs of certification are often prohibitive for small-scale or resource-poor operators.

On the other hand, developing countries might also be missing out on the potential opportunities certification has to offer, which might include more opportunities for value-added products, more direct and stable supply relationships and pressure for improved fisheries management.

4.3.3.1 *Lack of economic imperative*

Three factors suggest that, so far, developing countries have not been significantly affected by the trend towards sustainability certification and in ecolabelling schemes:

- The current small volumes of ecolabelled products on the market suggest only limited demand to date, although as noted above this demand is growing rapidly. So far, there has been no evidence to suggest that developing countries are seeing their markets drying up as a result of demands for certified ecolabelled products.
- The concentration of demand in certain markets: while there is significant demand in pockets of the European and the United States markets, in other key markets, such as Asia (including the important Chinese market), there is less eco-sensitivity.
- Ecolabelling is concentrated in species – temperate-water white fish (pollock, cod etc.) and salmon – that are not the main species traded by most developing countries, which export mainly tuna and shrimp. An FAO study of developing country products on sale (FAO, 2008) – albeit a limited survey of retail outlets in France and Italy – found that, overall, developing country products were concentrated in five species: tuna, anchovies, sardines, shrimp and crab. The overlap between developing country products and ecolabelled products, therefore, appears mainly in relation to tuna, and to a lesser extent shrimp (where there are very few capture fisheries certified and the pressure for certification has a greater impact in aquaculture). For developing countries, there might be some pressure for certification of tuna but more in relation to dolphin bycatch than sustainability of tuna stocks (Dolphin Safe). In general, therefore, if developing country competitors fishing in similar or substitutable species are not ecolabelled, then there is no immediate need for them to be.
- With some exceptions,⁹² developing country fishers (especially in environments characterized by small-scale fragmented operators) are less likely to be linked into direct supply relationships with large-scale buyers, where the pressure for certification is most intense.

A recent (albeit limited) survey conducted for FAO (FAO, 2009b) on small-scale developing country fisheries suggested that their exports were largely unaffected by sustainability requirements, with little or no sustainability information being requested by buyers, let alone any requests for certification. An earlier study of countries of the Association of Southeast Asian Nations (ASEAN) revealed that, in that region at least, countries did not feel any immediate pressure to engage in any ecolabelling scheme, concluding that: “several countries share the opinion that ecolabelling will be implemented only if it is required from importing countries (at the moment, it is not)” (Bjerner *et al.*, 2006, p. 6).⁹³

As demand for ecolabelled products grows and as fisheries in species relevant to developing country capture fishers (such as shrimp⁹⁴ and other tropical species) become certified, especially if they are competing in the same markets, developing country producers might feel more pressure to participate in ecolabelling schemes.

⁹² Some African fishers, for example in Senegal, sell to large processing companies that in turn have direct supply relationships with buyers mainly in Southern Europe.

⁹³ Countries consulted included Brunei Darussalam, Cambodia, Indonesia, Lao People’s Democratic Republic, Myanmar, Malaysia, the Philippines, Thailand and Viet Nam.

⁹⁴ So far only two shrimp fisheries are MSC certified; both are in North America. Pressure for certification of shrimp is greater for aquaculture.

Under pressure from the fishing and canning industry, Morocco has committed to an MSC pre-assessment of two sardine stocks and an octopus fishery. The Moroccan industry claims to lose competitive advantage to countries such as Portugal, which has engaged in MSC certification.

However, several commentators have raised serious concerns about the ability of most developing countries to obtain certification, pointing to the “fit” between certification methodologies and developing country fisheries, and the ability of those countries to assume the costs of certification.

4.3.3.2 Mismatch between ecolabelling schemes and developing country fisheries

Current ecolabelling schemes are problematic in many developing country environments. To take MSC certification as an example, on all three fronts of the MSC’s assessment criteria – quality of information on fish stocks, information on environmental impacts, and quality of management systems – developing countries often fall short. Specific difficulties are outlined below.

Insufficient overall fisheries management regime

Many developing countries lack an effective fisheries management regime, which in practice is a prerequisite for certification. Some operate under open-access arrangements, with poor governance, including weak official controls over catch limits if and when they exist.

Data deficiencies

Many developing countries lack information on existing stocks. Certification requires science-based stock assessments for which there is often poor infrastructure (systems and human resources). There are also inadequate data on catches. Small-scale fishers land catch at a multitude of sites for which records are not always kept. Ecolabelling schemes such as the MSC are generally data-intensive; in developing countries, there is often a lack of know-how and a weak tradition of record-keeping. This makes any chain-of-custody certification problematic. In some cases, literacy is also an issue.

Unit of certification

Certification is often based on a single species fishery, characteristic of developed countries. Developing country fisheries tend to be multispecies, with commercial and artisanal fishers competing for the same stocks. Some commentators have argued that where “the unit of certification is a fishery in its entirety, there is no scope to reward the responsible fishing methods of the artisanal, and to reprimand the destructive fishing activity of the large-scale” (Macfadyen, 2004, p. 11).

Under an MSC assessment, there is the potential to certify a component of a fishery.⁹⁵ However, the evaluation remains dependent on the continued sustainability of the entire fishery, much of which is outside of the direct control of those fishers.⁹⁶ Certification of a component of a fishery, however well managed, is problematic in environments where overall management is weak.

Fragmented, small-scale fisheries

Developing country fisheries tend to be fragmented and characterized by a large number of small-scale operators, with weak or non-existent producer organizations. Under these arrangements, the costs of certification can be prohibitive, it is difficult to establish an appropriate body to act as a “client” for certification, and any management

⁹⁵ For example, the southwest Cornwall (United Kingdom) mackerel handline fishers were duly certified even though they target a small component of a larger fish stock that is exploited by a number of other fishing methods under different jurisdictions.

⁹⁶ See “Unit of certification”, www.msc.org.

changes required for certification would be difficult to implement and monitor. Small-scale fishers account for a small fraction of ecolabel certifications to date – less than 1 percent (MRAG Ltd., 2009) of both MSC and FOS certifications – and most are in developed countries.

High costs of certification

Even fisheries in developed countries complain about the high costs of certification. For developing countries, the costs are often prohibitive, including the up-front direct costs of the initial assessment process with reliance on outside experts, as well as any subsequent costs relating to upgrading of gear, facilities, methods or management systems. Where there are multiple stakeholders, deciding who pays, and how much, is also problematic. As discussed above, there is no guarantee of a price premium to offset these costs. Where there are catch limits imposed, reductions in income and some unemployment might be other indirect costs of certification.

Barriers to trade?

Where certification in an ecolabelling scheme becomes a requirement of entry into a market, and if developing countries are unable to meet those certification requirements, then they could be perceived as a barrier to trade. Some developing countries already have concerns about ecolabels on these grounds. A study of ASEAN countries to test their reactions to ecolabelling revealed that: “ecolabelling is seen as a regulation imposed by importing countries to discriminate ASEAN products” (Bjerner *et al.*, 2006).

Whether ecolabels act as a barrier to trade for developing countries depends on the level of demand for those products in developed country markets. Given the current small volumes of ecolabelled products on the market and their concentration in certain species, this is currently not a critical issue. Moreover, the limited degree of substitution for capture fishery exports from developing countries – especially shrimp and tuna – means that competition from certified fisheries is likely to be minimal. As noted above, however, if a critical mass of fisheries in relevant species became certified, this dynamic could change.

The impacts of ecolabelling on trade and the WTO regulatory framework are discussed below.

Potential benefits for developing countries

While many developing countries have focused on the barriers to certification, some have also seen the ecolabelling debate in more positive terms. The aforementioned study of ASEAN countries showed that some countries saw ecolabelling as a means to improve fisheries management. Some saw synergies with existing mechanisms, such as national codes of conduct and best management practices policies, and envisaged the institutions responsible for monitoring and certifying in those areas (including those set up for organic aquaculture) as also being well placed to manage the ecolabelling process. In short, they saw that the existing infrastructure could be slightly modified to incorporate the requirements of an ecolabelling scheme. This was also the case for East African countries, with plans to incorporate ecolabelling into the systems developed to manage the Nile perch fishery.

Some of the East African Community countries (Kenya, Uganda and the United Republic of Tanzania) have initiated work on the ecolabelling of Nile perch (Box 8). Nile perch, as a white groundfish, competes in the European market with fish from certified fisheries. Moreover, certification can be seen as part of a strategy to attach positive values to Nile perch, whose reputation was dented by EU bans in the late 1990s and early 2000s and the negative publicity associated with the film “Darwin’s Nightmare”.

BOX 8

The case of Nile perch

Three countries (Kenya, Uganda and the United Republic of Tanzania) are involved in the Lake Victoria Nile perch fishery. Nile perch is an introduced species in an inland fishery. However, the fishing communities around the lake depend on its continued sustainability, and ecolabelling has been seen as one strategy towards ensuring good management of the resource, which includes cooperation among the three countries involved in the fishery.

The Lake Victoria Fisheries Organization sponsored a Marine Stewardship Council (MSC) pre-assessment (conducted by third-party audit in 2007/08), which was used as a basis for the initial assessment of the fishery and the development of a roadmap for management improvement. The results contributed substantively to the development of the Lake Victoria Fisheries Management Plan (2009–2014). The pre-assessment indicated a lack of readiness for a full MSC assessment, but more importantly it highlighted gaps and shortfalls in existing management strategies, for example, the need for a specific management and stock recovery plan. That information was used to put pressure on the relevant public authorities to respond to shortfalls highlighted in the pre-assessment and resulted in the development of an overall management plan.

A specific project was carried out by Naturland on one component of the fishery. The project, “Ecolabelling of Nile Perch from Bukoba” in the United Republic of Tanzania, was not just an assessment of a fishery for certification purposes but a hands-on development project, carried out in partnership with the German Agency for Technical Cooperation (GTZ), a Netherlands importer, a Tanzanian processor/exporter and more than 350 local fishers. A holistic approach was taken to improving the sustainability of this particular segment of the Lake Victoria fishery; the project included aspects such as the introduction of a mobile health service for fishers and their families and options for diversifying employment opportunities.

Sources: Joint Workshop on the Feasibility of Ecolabelling for Lake Victoria Fisheries, 4–6 October 2006, Kenyan School of Monetary Studies, Lake Victoria Organization (LVFO), GTZ, and OECD/FAO Round Table on Ecolabelling and Certification in the Fisheries Sector, presentations by Naturland and Executive Secretary of the LVFO, April 2009.

Fishing industry representatives can potentially use the certification process to underscore to government the importance of effective resource management, including scientific assessment of stocks, data collection and improved enforcement of compliance. The certification process might provide an opportunity for dialogue between government and industry as to what is required for ensuring the long-term sustainability of marine resources. For example, in Mexico, the MSC certification of the Baja California spiny lobster was said to have helped justify requests to the Government of Mexico for infrastructure assistance. It has been estimated that since certification more than US\$20 million has been received by related communities for electricity and other infrastructure.⁹⁷

Capturing overseas expertise and assistance

For less developed countries with poor infrastructure, the above synergies are unlikely to exist. However, development assistance being bought in under the auspices of ecolabelling schemes might have some downstream positive impacts on fisheries management generally, including in assessing the state of fisheries stocks and providing a roadmap on what needs to change in order for the fishery to be sustainable. The Nile perch example is a case in point.

⁹⁷ www.panda.org/about_wwf/what_we_do/marine/news/on_the_ground/index.cfm?uNewsID=63401.

It will be important to ensure that donor assistance has positive impacts on fisheries management generally in developing countries and is not limited to fisheries that are potential candidates for ecolabelling. In this sense, the involvement of national and local authorities as well as the wider fishing communities in the process is needed.

For many developing countries, the pre-conditions for certification will take some time to develop, so it is an opportune time to enter the debate, as indeed several countries and regions have done. Outside assistance, as well as local public support, should be directed towards helping to develop effective fisheries management generally, which is beneficial in its own right as well as a step towards creating the conditions for future certification, if and when market conditions require it.

Opportunities for value-addition and more direct supply relationships

The FAO study of developing country imports into the French and Italian markets concluded that “developing countries have yet to exploit the benefits from value addition gains associated with product certification” (FAO, 2008). This refers to the range of certifications, and arguably more in the area of safety and/or quality, which would enable more processing in developing countries rather than exporting relatively unprocessed products to be sold under auction in developed country markets. However, certification, including ecolabelling, could enable more direct and stable supply relationships with developed country buyers. By offering a “calling card” with credence in those markets, certification can lead to improved access to the growing market for sustainable products (providing suppliers have the expertise to manage contracts and provide the volumes and stable quality required by buyers).

Some commentators who were initially negative about ecolabelling have since seen the potential benefits, providing there is adequate assistance for developing country fisheries to participate. The former Director of Fisheries in Kenya noted: “though I and other fisheries managers in developing countries have been concerned about the ability of small-scale fisheries in developing countries to participate, I am also aware of its significant contribution to sustainable fisheries [including through its ability to] ascertain sustainable utilization of the marine fishery resources”.⁹⁸ She calls for assistance for developing countries to participate and has been involved in developing ecolabelling guidelines for small-scale fisheries, including as a member of the MSC’s Developing World Fisheries Programme.

New certification methodologies for developing countries

In recognition of difficulties for developing countries, the MSC created a Developing World Fisheries Programme. As an attempt to make certification more accessible to small-scale and data-deficient fisheries, the programme includes the development of assessment guidelines that include the use of traditional ecological knowledge and traditional management systems, and a risk assessment component where fisheries lack full and complete scientific data (Box 9).

Friend of the Sea argues that its certification is already accessible to developing country fisheries as its methodology is simpler and cheaper. However, its reliance on official data is likely to make certification of data-deficient fisheries problematic.

Some organizations offer funds, loans or support to developing countries to help offset the costs of certification – these include WWF’s Community Fisheries Grants, and the Sustainable Fisheries Fund.⁹⁹ The Lake Victoria Fisheries Organization took advantage of development resources available from Germany in its attempts to improve the sustainability of the Nile perch fishery.

⁹⁸ N. Gitonga, fisheries consultant and former Director of Fisheries in Kenya, personal communication, 2008.

⁹⁹ See “Protecting fisheries, improving livelihoods, MSC Developing World Fisheries Programme” at www.msc.org.

BOX 9

The MSC's Risk-Based Framework (RBF)

The Marine Stewardship Council (MSC) began work to develop a suitable methodology to assess data-limited fisheries in 2005. A series of expert workshops and consultations were undertaken. These led to the development of a set of risk-based tools referred to at the time as the Guidance for the Assessment of Data-Deficient and Small-Scale Fisheries. In early 2008, a pilot project commenced to test these tools using seven pilot fisheries from around the globe, resulting in the Risk-Based Framework (RBF).

In February 2009, Version One of the RBF was released for public consultation and provisional use by certifiers. Following this consultation and a subsequent final revision, the RBF was integrated into the MSC Fisheries Assessment Methodology (FAM), Version Two, and approved by the MSC Technical Advisory Board and MSC Board of Trustees for official use as of 31 July 2009.

The RBF can now be used in any fishery assessment that uses the default assessment tree in the FAM as its basis.

Source: www.msc.org, accessed 4 December 2009.

There is currently a dearth of information on the experiences of developing country fisheries with certification and ecolabelling. The MSC has conducted case studies on certified fisheries in its stable; a few other studies have provided some insights. It will be important to monitor the impacts on developing countries fisheries and their market access as and when they become certified. Robust and independent analysis is required to enable developing countries to learn from the experiences of their counterparts. The relative scale of the fishery, the level of integration of supply chains, and the relative development of public fisheries management frameworks are all factors affecting the potential for certification and market access, and they need to be included in any analysis.

4.4 ECOLABELS AND TRADE

The FAO Guidelines for the Ecolabelling of Fish and Fishery Products from Marine Capture Fisheries state that voluntary standards, including environmental standards, should not distort global markets and should not create unnecessary obstacles to international trade. Under the general principles and definitions, they state that any ecolabelling scheme should be consistent with *inter alia* the World Trade Organization (WTO) rules and mechanisms. What does the WTO have to say about ecolabels?

4.4.1 The WTO's position on ecolabels

The WTO's Web site describes its current position: "Labelling environmentally-friendly products is an important environmental policy instrument. For the WTO, the key point is that labelling requirements and practices should not discriminate — either between trading partners (most-favoured nation treatment should apply), or between domestically-produced goods or services and imports (national treatment)."¹⁰⁰

The WTO agreement of most relevance to ecolabelling is the TBT Agreement. The TBT Agreement makes a distinction between "technical regulations", which are mandatory, and "standards", which are voluntary requirements. In its Code of Good Practice for the Preparation, Adoption and Application of Standards, the TBT Agreement prohibits both technical regulations and standards from discriminating between domestic and foreign products that are alike (the national treatment principle)

¹⁰⁰ www.wto.org/english/thewto_e/whatis_e/tif_e/bey2_e.htm.

and between “like products” from different WTO members (the most favoured nation principle). Yet the preamble to the TBT Agreement also allows for countries to take measures necessary to ensure “the protection of human, animal or plant life or health [and] of the environment”. Where a technical regulation is applied in accordance with a relevant international standard, then it is presumed not to create an unnecessary obstacle to trade.¹⁰¹ There is no such interpretation in relation to voluntary standards. The 2001 Doha Declaration instructed the WTO Committee on Trade and Environment to examine the effects of environmental measures on market access and to examine labelling requirements for environmental purposes. To date, there has been no resolution on ecolabels in that committee or in the TBT Agreement.

4.4.2 Points of contention

Several contentious issues have arisen related to the interpretation of ecolabels and the TBT Agreement. The main one relates to the distinction between product and non-product related process and production methods. The question is how the TBT Agreement should relate to the non-product related process and production methods. This refers to situations where a product label includes information that allows consumers to discriminate on the basis of production methods unrelated to the product itself and invisible to the consumer, such as environmental impacts of production (as is the case with ecolabels). Some countries opposed a resolution on this front. Some developing countries feared the inclusion of non-product-related production and processing methods (PPMs) could open the door to developed countries imposing their domestic policy frameworks either related to fishing methods and/or the inclusion of labour standards and other conditions (such as human rights), thereby giving further grounds for discrimination against developing country products. Other countries supported the inclusion of non-product-related PPMs in TBT Agreement coverage, emphasizing their importance for global environmental objectives.

4.4.3 Relevant disputes panel judgments

There have been very few WTO judgments relevant to ecolabelling or mechanisms to protect marine resource. The judgments in the cases against the United States and its refusal to import tuna caught using purse seines lead to a mention of the Dolphin Safe label (Box 10).

Environmental issues are entering the international debate in terms of market access and barriers to trade. How this will affect ecolabelling schemes is unclear, especially as to date they have been driven by private sector or non-governmental interests.

4.4.4 Jurisdiction over private sector actors

While governments have the right to challenge the actions of other governments at the WTO, the grounds for challenging non-governmental actors are less clear. A note by the WTO Secretariat discusses governments’ responsibilities *vis-à-vis* non-governmental bodies in relation to private standards. The note explains that: “were a particular private standard to fall within the definition of a standard under the TBT Agreement, then Article 4 would apply. This Article requires Members to take reasonable measures to ensure that non-governmental bodies accept and comply with Annex 3 to the TBT Agreement (the Code of Good Practice for the Preparation, Adoption and Application of Standards)” (WTO, 2007, para. 20).

Voluntary standards have been discussed in relation to the SPS and TBT Agreements, mainly in the context of consumer protection and international trade and the status of the Codex Alimentarius Commission standards. This discussion is described in Chapter 5.

¹⁰¹ For a discussion of these issues, see: Ponte, 2006, and Gardiner and Kuperan Viswanathan, 2004.

BOX 10

No to regulating non-product PPMs, voluntary labels OK

When the United States regulated to prohibit the importation of tuna from countries using purse seines, a fishing method that results in the bycatch of dolphins, two challenges were launched against it: one in 1991 by Mexico, and one in 1994 by the Netherlands and the European Union. In both cases, the disputes panels found against the United States, on the basis that it was regulating a non-product-related production and processing method (PPM) and could not prohibit tuna based on the characteristics of how it was caught. However, the 1991 panel accepted the use of the voluntary “Dolphin Safe” ecolabelling scheme on tuna products, on the grounds that it did not restrict the sale of non-labelled products and that it was up to consumers to choose labelled products over non-labelled.

4.4.5 A barrier to trade?

There is no consensus view as to whether ecolabels constitute a barrier to trade.

The most comprehensive international guidance on ecolabels remains the FAO Guidelines for the Ecolabelling of Fish and Fishery Products from Marine Capture Fisheries. However, these are voluntary guidelines and, as noted above, on the issue of barriers to trade, the document defers to the WTO.

While the volumes of ecolabelled products remain low, even in markets where there is greatest presence, labelling schemes are unlikely to pose a significant barrier to trade. However, as demand grows, the impacts on trade and market access will need to be monitored.

Whether public sector financial support for ecolabelling certification could be considered a “subsidy” and/or notifiable in the context of WTO mechanisms has also been raised, including at the recent OECD/FAO Round Table on ecolabelling. If governments pay outright for certification, is that a subsidy to their industry? If it leads to a trade advantage or improved market access, then should it be notifiable? As noted above, several governments have “subsidized” the certification of their fisheries. Similar issues have been raised in the WTO related to mechanisms for dealing with climate change.¹⁰²

There is a need for further discussion on these issues, in particular to determine whether ecolabelling schemes as they currently operate discriminate against developing countries. Standards, whether public or private, must be inclusive.

4.5 FUTURE SCENARIOS AND ISSUES FOR ATTENTION**4.5.1 Looming gap between demand and supply?**

The procurement policies of large international food firms with their commitments to purchasing fish from sustainable sources, including from certified fisheries, are likely to drive demand and spread it to new markets. When this occurs, more fisheries will need to be certified to meet that demand. Certification of fisheries supplying internationally significant volumes such as Alaska pollock and salmon did indeed help to create a critical mass of supply in certain species, and other fisheries in similar species followed suit. However, can supply really keep up with growing demand?

Despite exponential growth in requests for and actual certifications, some retailers have already had to downgrade their procurement targets due to the lack of supply. For example, the United Kingdom retailer Sainsbury’s had to drop its goal of selling only MSC fish by 2010 “because it realized that not enough fisheries would carry the

¹⁰² www.wto.org/english/res_e/booksp_e/trade_climate_change_e.pdf.

requisite certification in time”.¹⁰³ As noted above, while there are significant volumes of supply in species like pollock, salmon and hake, very few tropical species are represented among the ranks of certified fisheries.

Industry sources consulted for this research expressed concerns about the extent to which the supply of MSC-certified fish, for example, would be able to meet the targets currently being set by buyers: “There have been many organizations/manufacturers/retailers/wholesalers/distributors who have made statements of ‘100 percent sustainable products by 2010–2011–2012 etc. However, if one lists all of these and then adds up their total buying needs for fish and seafood, and then draws up a list of likely certified fisheries and their yields by 2010–2011–2012 etc. and adds up their total output potential one likely finds a severe supply deficit [of MSC-certified product]”.¹⁰⁴

Another source described the potential supply gap as a “critical situation”,¹⁰⁵ also referring to reductions in supplies from some existing MSC-certified fisheries owing to quota cuts, such as the 30 percent cut to the Alaska pollock quotas in 2007. Other supply issues can also intervene. The debate over the re-certification of Alaska salmon (Box 11) could have meant a significant drop in certified salmon supplies. Birds Eye Iglo did not include the MSC label on its new range of Alaska salmon products for the United Kingdom market owing to uncertainty about the re-certification of the fishery.¹⁰⁶

How the market responds to these supply and demand issues needs to be monitored. In the face of supply gaps, will buyers stop selling fish and seafood (unlikely), shift to farmed fish (not practical for all species), revise their MSC procurement targets in line with the realities of supply, or develop alternative procurement policies linked to a different or less rigorous certification scheme or some other mechanisms for guaranteeing sustainability?

Buyers have indeed developed their own sustainability policies with alternative mechanisms for determining the sustainability of supply where certified sources are not available. As noted above, retailers such as Sainsbury’s operate a traffic-light sourcing system for sustainability, as does McDonald’s in the foodservice sector, although clearly third-party certification is the preferred and most efficient option for them both. A few large-scale buyers have strategies to encourage and support fisheries to become certified, in order to secure supplies and maintain their sustainability procurement commitments. For example, Birds Eye Iglo has been instrumental in encouraging Russian pollock fisheries to seek MSC certification.¹⁰⁷

4.5.2 A further proliferation of labels and certification schemes? Where is it heading?

Will new ecolabelling and certification schemes enter the market? In 2007, a report in the seafood industry media expressed concerns about a potential proliferation of schemes: “the recent emergence of low-cost eco-certifiers has led to concerns among some in the seafood industry the appearance of too many ecolabels will ... lead to a race to the bottom in terms of standards, as fisheries and processors sign up to the cheapest, most affordable alternative – to the detriment of the environment”.¹⁰⁸ As noted above, there are currently very few internationally significant third-party ecolabelling certification schemes in capture fisheries. The MSC and FOS are currently the most significant in terms of volume. It would be difficult (although not impossible)

¹⁰³ See “Supermarket chain to launch fish traffic light scheme”, Fishupdate.com, 26 September 2006.

¹⁰⁴ D. Handley, I&J, South Africa, personal communication, 2007.

¹⁰⁵ T. Halhjem, Trident Seafoods, and Vice-President of industry group, Genuine Alaska Pollock Producers (GAPP), www.gapp.us, personal communication, 2008.

¹⁰⁶ “Salmon limbo keeps MSC logo off Birds Eye line”, IntraFish, 12 March 2009.

¹⁰⁷ Communicated by P. Hajjipieris, Director of Sustainability and External Affairs, Birds Eye Iglo, during the OECD/FAO Round Table on Ecolabelling and Certification in the Fisheries Sector, The Hague, April 2009.

¹⁰⁸ “Aussie calls for single global seafood standards”, IntraFish, 24 April 2007, www.intrafish.no.

for any new label to gain traction in the market unless targeting a specific niche, such as the IFFO concentrating on fishmeal. There are currently no indications that any new international schemes are imminent.

BOX 11

Alaska salmon re-certification

The struggle to find a new “client” for the Alaska salmon certification in the light of the withdrawal of Alaska’s Department of Fish and Game from the role (unusual in any case as a government fisheries management body) called into question the continued certification of the Alaska salmon fisheries.

The Marine Stewardship Council (MSC) delayed the re-certification process in order for a new client to come forward. The volumes of Alaska salmon mean that it is critical to the MSC – the largest number of MSC-labelled products on the market (987) come from Alaska salmon – and to the retailers with commitments to supplying only MSC-certified product.

It first appeared likely that the Alaska Seafood Marketing Institute (ASMI) would become the new client, albeit reluctantly, given its preference for promoting its own quality label and its view that the Alaskan fisheries already have a reputation for good management and hence do not need third-party certification of that. Moreover, the ASMI promotes a range of Alaskan seafood, some of which is not certified. Another sticking point was how it would fund the estimated annual US\$250 000 in administration costs, especially given its desire for its role as client to be cost-neutral. The ASMI board voted in early December 2009 to delay its decision until March 2010. The MSC certification holds until late 2012, but products would not be able to use the label after 2010 unless a new client was in place. In February 2010, the Alaska Fisheries Development Foundation (AFDF), which also manages the MSC certification of the Alaska Pacific cod fishery, stepped forward and agreed to become the new client for Alaska salmon. It will be developing a similar cost-sharing mechanism for the salmon industry as it operates for fishing operators involved in the MSC-certified cod fishery.

The crisis raised fears among buyers of a significant gap in supply of certified salmon. It also highlighted ongoing debates about the necessity for private certification of fisheries considered sustainable and well managed by those involved in the fishery, and in particular how the costs of certification are distributed.

Where there is development in the ecolabels market is in the emergence of national schemes, as outlined above. This, alongside regional and local quality marks based on sustainability claims, is also causing some concern and might add some further complexity. As one commentator noted: “one of the most damaging outcomes of the ecolabel boom is the creation of regional sustainability marks for domestic production, which undermine the whole premise”.¹⁰⁹ 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 from trying to improve the sustainability of the world’s fisheries. On the other hand, industry representatives from some areas (including some where fisheries are already certified) are starting to question the value of certification to an independent scheme. They argue 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.

¹⁰⁹ E. Roderick in “Too many ecolabels”, IntraFish, 2 November 2009.

There is no formula to determine the optimal number of ecolabels. Too many labels are confusing to buyers and consumers alike. Too few labels might lead to a monopoly situation that could see industry vulnerable to changing criteria or a ratcheting up of requirements over time. What is important is the relative quality of the schemes – are they credible, transparent, robust and consistent with the FAO Guidelines?

4.5.3 Evaluating the relative quality of ecolabelling schemes

Many ecolabelling schemes, including most of those described above, claim to be in accordance with the FAO Guidelines. Both the MSC and FOS claim to be fully consistent with the FAO Guidelines: “The MSC program is fully consistent with this [FAO] internationally-agreed set of principles for a credible fishery certification and ecolabelling scheme... We achieved full consistency with these guidelines in September 2006.” [MSC Web site, 4 November 2009]; and “Friend of the Sea Criteria are the only ones in the market which follow the FAO – Guidelines for the Ecolabelling of Fish and Fishery Products from Marine Capture Fisheries. In particular, Friend of the Sea Criteria fulfill also Art. 30 of the Guidelines, in that it allows certification only of products from fisheries targeting stocks which are NOT OVEREXPLOITED.” [FOS Web site, 4 November 2009].

The various ecolabelling schemes vary considerably as do their assessment methodologies. They are assessing different things. As such, it is difficult to compare one with the other. Friend of the Sea concentrates on the sustainability of the stocks themselves, and whether the product comes from a sustainable stock. In contrast, the MSC concentrates on whether the product comes from a fishery that is both sustainable and sustainably managed. The former approach offers a pass or fail result while the latter can be used, according to participants at the OECD/FAO Round Table on Ecolabelling and Certification in the Fisheries Sector, in capacity building and in designing improvements in transitional fisheries. Other schemes, such as KRAV and Naturland offer opportunities to use a certification process in the context of a social and economic development exercise.

It is generally agreed that the FAO Guidelines for the Ecolabelling of Fish and Fishery Products from Marine Capture Fisheries provide acceptable minimum criteria for ecolabelling schemes, against which ecolabelling schemes could be evaluated. Some evaluations have already been undertaken.

Attempts to benchmark against FAO Guidelines

As noted above, FranceAgriMer, the French authority, conducted an evaluation of existing ecolabelling schemes as part of its process to determine whether or not to develop its own public ecolabel. Similarly, on the initiative of the United Kingdom Seafish Authority, the FSIG – an international consortium of national organizations concerned with seafood trade – commissioned a project to study and evaluate various ecolabelling schemes (as well as other organizations providing fish and seafood sustainability information, including seafood purchasing guides) against the FAO Guidelines (MRAG Ltd., 2009).

The results of these benchmarking exercises are useful but they only provide a snapshot in time. Some of the schemes under consideration in the FSIG study made adjustments in the light of challenges and questions raised in the assessment. As the schemes adjust their methodologies or practices, the results of any benchmarking analysis lose their currency. Moreover, an individual benchmarking exercise necessarily reflects the interests of the commissioning organization.

Need for an agreed benchmarking methodology

There is clearly a need for an agreed methodology to evaluate the relative quality of any certification scheme. While the FAO Guidelines provide minimum criteria for benchmarking schemes, there is currently no agreed methodological framework for assessment or for benchmarking them. A methodology for testing the relative merits of the various schemes would be useful for the range of stakeholders: for governments making investment decisions, for retailers and brand owners as a basis for choosing suppliers, and for the fisheries industry seeking both a tool for management improvement and the scheme most likely to offer market returns. An agreed evaluation tool would help industry examine the effectiveness of any certification scheme before signing up to it, including by checking that it is fully consistent with the FAO Guidelines. In this case, the onus would be on stakeholders themselves to evaluate any scheme using the agreed evaluation tool.

There have been calls for FAO to evaluate and benchmark ecolabelling schemes. The legal implications of carrying out such an exercise and its consistency with FAO's mandate need to be determined. Different approaches to the benchmarking question were discussed at the FAO Sub-Committee on Fish Trade in April 2010. The Sub-Committee agreed on the development of an evaluation methodology – which could be used by any stakeholder. This is now being developed.

4.5.4 Potential mutual recognition or equivalence between ecolabelling schemes

Some stakeholders¹¹⁰ have called for a specific benchmarking exercise to establish equivalence between ecolabelling schemes, referring to the work of the Global Food Safety Initiative (GFSI).¹¹¹ The GFSI has benchmarked the key international FSMSs to facilitate mutual recognition among them (see Chapter 5). In that case, having a standard and certification scheme benchmarked against the GFSI implies mutual recognition or equivalence with other benchmarked schemes. Retailers who are members of the GFSI have pledged to recognize and accept any benchmarked food safety certification scheme. In theory, any ecolabelling scheme that is fully compliant with the FAO Guidelines could be considered equivalent. Indeed, this is one of the principles included in the Guidelines.¹¹²

However, in relation to ecolabels, there is as yet no obvious “home” to manage such a benchmarking exercise. The GFSI is managed for and by global retailers as an attempt to reduce overall supply chain costs in the food safety area, which is considered a pre-competitive issue. To date, there is no such dynamic in the sustainability area where retailers and brand owners typically compete in terms of their sustainability credentials.

Ecolabelling schemes themselves have shown that they are unlikely or not yet ready to recognize one another as equivalent.¹¹³ While existing ecolabelling schemes are apparently open to being evaluated as to their compliance with the FAO Guidelines, they have warned that they are not equivalent. For example, the four schemes attending the OECD/FAO Round Table – the MSC, FOS, Naturland and KRAV – argued that they were not doing the same thing and that it would be dangerous to see them as interchangeable.

¹¹⁰ This was discussed at the OECD/FAO Round Table on Ecolabelling and Certification in the Fisheries Sector, The Hague, April 2009.

¹¹¹ www.ciesnet.com.

¹¹² The FAO Guidelines state that any scheme should “be considered equivalent if consistent with these guidelines”.

¹¹³ The IFFO recognizes the MSC as equivalent, but as a “niche” player, there is less direct competition between them.

4.5.5 Recognition of good management without certification to a private scheme

As noted above, some industry stakeholders are questioning the value of certification to an independent scheme, arguing that their reputations for good fisheries management – either national or regional – are well established and that there should be another way to “prove” it without resorting to costly certification to a private ecolabelling scheme. The Icelandic ecolabel was built on this premise. The controversy over finding a client to manage the MSC re-certification of Alaska salmon and the promotion of its quality seal are other indicators.

In a similar vein, a presentation by an Australian industry representative at a recent seafood congress projected a vision that in 2015 private ecolabels would only be used in sectors where there was “a clear market/price advantage” and in countries “that do not have FAO Code [of Conduct for Responsible Fisheries] compliant schemes”.¹¹⁴ Under this scenario, fish and seafood from countries with recognized good fisheries management would be considered sustainable. Only fisheries in jurisdictions where management was not up to standard would need to revert to certification to a private ecolabelling schemes to prove their sustainability.

There appears to be pressure developing for alternative mechanisms – other than private certification and labelling – to verify good fisheries management: “There needs to be recognition of responsible practices whether or not products participate in a particular ecolabels scheme; responsible products cannot be impaired from market access”.¹¹⁵

Evidence is starting to emerge about the impacts of ecolabels on fisheries management and sustainability. At the same time, there appears to be a growing sense of the limits of private certification. Are ecolabels making a difference? How do they interface with public mechanisms for sustainable fisheries management?

4.5.6 Are ecolabels helping to improve management and overall sustainability?

After more than a decade of experience, it can be argued that there is some evidence of improvements resulting from certification, either directly or indirectly.

Ecolabelling and certification do appear to result in peer pressure for competitors to also seek certification. Examples were documented above. Other positive environmental impacts, such as significant reductions in bycatch and fewer impacts on ecosystems, have also been noted. For example, the MSC certification of the South African hake trawl fishery was said to have resulted in practices that reduced bird-kill from an estimated 18 000 to about 200 birds per year (MSC, 2009). Management adjustments, such as improved surveillance of bycatch and changes in data management, have also been documented in some certified fisheries.

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, whether or not those operating in that fishery actually go on to seek formal certification. This suggests that certification methodologies can be used as a tool to help improve management in fisheries that for various reasons would be unlikely candidates for actual certification.

However, in terms of overall fisheries management and stock status, it is difficult to document improvements as a result of certification. Most of the fisheries certified to date were arguably already well managed prior to certification. They became certified

¹¹⁴ T. Loveday, Managing Director, Seafood Services Australia, presentation to IAFI World Seafood Congress, Morocco, October 2009.

¹¹⁵ R. Rice, Technical Program Director, Alaska Seafood Marketing Institute, “IAFI – future”.

to verify or prove the point. As more fisheries currently undergoing pre-assessment make adjustments to gain certification, more evidence in this area might come to light.

Overall environmental impacts depend on a critical mass of sustainably managed fisheries. Any significant impact on fish stocks will require improvements in fisheries hitherto not well managed and an extension of pressure for improvements into species (shrimp, tuna, cephalopods) and jurisdictions where the pressure to improve management and overall fisheries sustainability has yet to gain a foothold. If practices from certified fisheries spill over into other fisheries – such as strategies to reduce bycatch, improved traceability mechanisms, and reductions in IUU fishing – further improvements in fisheries management and sustainability could be realized.

Ecolabels are not a panacea. They were set up in response to perceptions that governments were not doing enough to ensure the sustainability of the world's marine resources. As a market-based mechanism, they are designed to incentivize good management with potential market rewards. As such, they can complement public measures for responsible and sustainable fisheries management. The limits of ecolabelling and certification might indeed highlight the current gaps in those public measures and the overall governance for fisheries sustainability.

As one observer has recently pointed out: “Certification and ecolabelling, properly applied, can be positive tools for promoting conservation and sustainable use of living marine resources. It must be kept in mind however, that ecolabelling is a marketing tool. The important task is Effective Fisheries Management (EFM)....Certification and ecolabelling cannot substitute for EFM”.¹¹⁶

4.5.7 A governance framework for fisheries sustainability – closing the gaps

Gaps in the overall governance framework for fisheries sustainability are starting to be identified. Countries have obligations in international law (UNCLOS), and internationally agreed guidelines to help implement those obligations (the Code), but there are no internationally agreed sustainability standards, or standards for fisheries management. The dearth of scientifically based standards for stock management and agreed definitions of sustainability make global governance of fisheries sustainability problematic.

Therefore, there are no criteria, beyond those contained in the Code, against which governments can judge their own performance in fisheries management. Moreover, there are no agreed criteria against which they can be judged by any third party.

Private certification schemes fill a gap in terms of assessing individual fisheries. The relative effectiveness of the management framework that the fishery operates within is part of that equation.

Several participants at the OECD/FAO Round Table argued that governments, not NGOs, should be taking the lead in this area of assessing overall fisheries management performance. Efforts to develop standards for fisheries – defining the essential elements of an effective fisheries management regime – and a related assessment model, based on the Code, would be best placed in an intergovernmental organization where the process would be transparent, participatory and the outcomes subject to international agreement. The debate over how to define “sustainability” – there are multiple definitions and methodologies – and any related sustainability standard in fisheries also needs further discussion and mutual agreement. There was a suggestion that FAO would be the appropriate forum for further work in this area, having both the relevant expertise and legitimacy.

¹¹⁶ K. Thorarinnsson, Vice Chair, Fisheries Association of Iceland, presentation at IAFI World Seafood Congress, Morocco, 2009.

Governments need to determine, both individually and collectively, what the essential components of an overall governance framework for sustainable fisheries are and how private market mechanisms fit into that framework. Some governments – such as the Netherlands authorities – appear to see ecolabelling and certification as a mechanism for gaining traction in their own policy objectives. Others – such as the French authorities – have co-opted the mechanism but under public management and ownership. Still others – such as New Zealand – seem to be more focused on the marketing aspects of ecolabels. The challenge is to determine how a market-based mechanism can complement public measures for responsible and sustainable fisheries management. As was concluded at the recent OECD/FAO Round Table: “ecolabels provide a nexus between marketing and management and are an increasingly important part of the fisheries sustainability equation” (OECD/FAO, 2009, p. 29). However, with or without the existence of voluntary certification schemes, governments must continue to actively embed the Code into their national management strategies.

4.5.8 Issues for attention

There remains a relative dearth of empirical evidence on the impacts of ecolabels and certification. Further research is required, in particular to monitor:

- Changes in demand and supply for ecocertified fish and seafood. If supply from existing, large, certified fisheries cannot meet growing demand, supply will have to come from smaller fisheries, or developing country fisheries or species hitherto not certified, where certification has to date been problematic. Competition from eco-certified aquaculture sources is another important part of the supply equation.¹¹⁷
- Distribution of the costs and benefits of ecolabelling and certification. To date it appears that producers meet the main costs of ecolabelling and certification but that retailers appear to reap many of the rewards. Further inquiry into the costs and benefits of ecolabelling as they accrue to the various stakeholders and how they could be more equitably distributed would be useful.
- The opportunities for developing countries to benefit from the certification trend. This includes further support to improve their fisheries management generally and as a precondition for future certification applications if and when market conditions require it. Some independent in-depth case studies of developing countries’ experiences with the certification process would be especially useful.
- The impacts of ecolabels and certification on international trade. Further clarity on WTO rules as they apply to private mechanisms driven by private or third sector actors is needed.
- Mechanisms for evaluating certification schemes and ecolabels, to ensure that they are transparent and consistent with the Guidelines, are needed. These should explore the potential for mutual recognition between schemes (including their public counterparts).
- The impacts of ecolabels on fisheries management and governance, at the level of individual fisheries, at the national level and at the international level need to be monitored. Enquiry is needed to ascertain whether certification schemes are really incentivizing good management practices, and with what impacts on the sustainability of fish stocks. How ecolabels interface with, and can complement, public mechanisms for achieving responsible fisheries management and sustainability needs to be investigated.

¹¹⁷ For a discussion of developments in eco-certification in aquaculture see: www.panda.org/about_wwf/what_we_do/marine/index.cfm?uNewsID=119260.

