

# Certification in Aquaculture: Additional Value or Cost?

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## THE CONTEXT

While fish supply from wild capture fisheries has stagnated over the years, the demand for fish and fishery products has continued to rise. Consumption has more than doubled since 1973. The increasing demand has been steadily met by a robust increase in aquaculture production, estimated at an average 9 percent yearly growth in volume during the period 1990-2005. Likewise, the contribution of aquaculture to fish food supply has increased significantly to reach a high record of 45 percent in 2006 from a mere 8 percent in 1970. This trend is projected to continue, with the contribution of aquaculture to fish food supply estimated to reach 60 percent by 2020, if not before.

This development has taken place amid a growing concern of consumers about human and animal health, and the social and environmental impacts of aquaculture. NGOs have tapped into or driven these concerns and developed strategies to wield influence over consumers' purchasing decisions and/or over the procurement policies of importers and retailers. Buyers and retailers have, in turn, responded by imposing private standards and certification back through the supply chain, especially on producers and processors. These developments have resulted in the proliferation of certification bodies and schemes designed to trace the origin of fish, its quality and its safety, environmental and social conditions prevailing during aquaculture production, processing and distribution.

## THE ISSUE AND ITS IMPLICATIONS

As standards, certification schemes and claims proliferate, both producers and consumers are questioning their value. Producers and producing countries, in particular, question whether these private standards and certification schemes duplicate or complement government work. In addition, consumers ask if private schemes really provide better protection for them and the environment and/or contribute to social equity.

In areas such as food safety, animal health and environmental sustainability, government authorities have enacted laws and regulations and developed inspection and certification programs to enforce their application. Therefore, it is legitimate to question whether the work of private certification bodies is actually complementing or adding value to the work of governments or just adding another level of compliance costs. These costs appear to fall disproportionately on producers. Concerns related to the cost and benefit for small-scale aquaculture producers in developing countries, have also been raised. Likewise, some have questioned the compliance of private certification schemes with the disciplines of the World Trade Organization's Agreement on Sanitary and Phytosanitary measures (WTO's SPS Agreement), in terms of transparency, scientific basis and consultation with stakeholders.

Consequently, many producers and exporting countries hold the view that private standards in the sanitary field represent unjustified restrictions to trade, especially where they introduce sanitary measures which duplicate those applied by the Competent Authority of the exporting country.

This raises the issue of how to define boundaries between public regulations on one hand and private market standards on the other? And who is responsible for what and accountable to whom? While governments that are seen to use standards as trade barriers can be challenged through the rules of WTO, what international mechanism, or agreement, should be invoked to challenge private companies whose standards are judged to create technical barriers to trade between countries?

## POSSIBLE SOLUTIONS

These issues are not likely to be resolved without a concerted international effort. More must be known about the impact of certification in aquaculture. Any solution is likely to involve technical assistance and phase-in periods for small-scale producers and developing countries. Indeed, a large number of small-scale fish farmers face important technical, financial, knowledge and institutional constraints that hinder their ability to adhere to certification schemes. It is estimated that over 80 percent of the 12 million aquaculture farmers



in Asia operate small-scale farms, from which a significant proportion of the production enters the international markets. Their ability to conform to such schemes would increase if they were helped to develop farms associations, clusters or self help groups. They could then respond collectively and be better placed to absorb institutional services and technical assistance. Such an approach has been successful in countries such as India, Viet Nam, Thailand and China. These experiences could be documented and the lessons learned shared with fish farmers in other countries<sup>1</sup>.

In FAO, the Sub-Committee on Aquaculture, while recognizing the value of better management practices (BMPs) and certification for increasing public and consumer confidence in aquaculture production practices and products, noted that many non-governmental certification schemes have resulted in higher costs for producers without delivering significant price benefits to small-scale producers. The Sub-Committee commented that the emergence of a wide range of certification schemes and accreditation bodies was creating confusion amongst producers and consumers alike and stated that there was a need for more globally accepted norms for aquaculture production. These norms could provide better guidance and serve as a basis for improved harmonization by facilitating mutual recognition and equivalence of such certification schemes.

In this regard, the Committee on Fisheries (COFI) Sub-Committee on Aquaculture requested FAO to play a lead role in facilitating the preparation of guidelines for certification in aquaculture. Since 2006, FAO and the Network of Aquaculture Centres in Asia-Pacific (NACA) have organized six consultative workshops in Asia, Europe, North and South America to develop draft guidelines for aquaculture certification. The draft guidelines will be submitted to the Sub-Committee, for discussion and decision at its fourth session to be held in Puerto Varas, Chile, in October 2008.

### OUTLOOK AND FUTURE PERSPECTIVE

Several recent developments are likely to lead to an expanded use of certification in aquaculture. These include, *inter alia*,

- ◇ the increasing influence and concerns of civil society related to health, social and environmental issues;
- ◇ legal requirements on companies to demonstrate 'due diligence' in the prevention of food safety risks;
- ◇ growing attention to 'corporate social responsibility' and a drive by companies to minimize 'reputational risks';
- ◇ globalisation of supply chains and a trend towards vertical integration through the use of direct contracts between suppliers and retailers; and

- ◇ expansion of supermarkets in food retailing both nationally and internationally.

However, the extent and implications of these developments on governance of international fish trade are not yet known and need to be studied. The ongoing work in FAO and WTO, organizations that provide an international framework to ensure transparency, will continue to promote the development of science-based standards, harmonization and equivalence, in coherence with WTO trade measures and the standards of international standards setting bodies such as *Codex alimentarius* and the World Animal Health Organisation (or OIE). This may lead to an environment in which private standards and certification schemes complement and add value to the work of governments rather than duplicating it. If supported with appropriate technical assistance, such developments are likely to have positive economic implications, especially for small-scale aquaculture producers in developing countries.

<sup>1</sup>Philips, M. and Subasinghe, R. 2007. Aquaculture production, certification and trade: challenges and opportunities for the small scale farmer in Asia, pp. 165-169. Proceedings of the Global trade conference on aquaculture. FAO Fisheries Proceedings 9. FAO, Rome, Italy.