

**A report to the Fish Forum on  
The Marine Stewardship Council  
and related topics**

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**Consultancy Report No. 152**

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# **Sea Fish Industry Authority**

**Technology Division**



## **A Report to the Fish Industry Forum on The Marine Stewardship Council and Related Topics**

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## **Summary**

The work reported here was instigated by the Fish Forum at its meeting in July 1998. The terms of reference were:

‘ . . . to produce a paper . . . to cover the ownership, independence and functions of the MSC, a discussion of the demand for and problems associated with eco-labelling, and a commentary on the Nordic Council Proposal made at a recent meeting in Bremen.’

The review was carried out through:

- the author’s experiences resulting from involvement with the MSC in the UK since its inception,
- a large number of interviews, face to face and by ‘phone, with all sectors of the UK industry as well as other stakeholders here and abroad,
- e-mail requests for information via a number of networks of contacts,
- a detailed investigation of related schemes in the forestry sector,
- internet/www searches for information on other related schemes,
- involvement in the European Commission’s consultation on related matters, and
- involvement in the FAO consultation that developed out of the Nordic Council Proposal to the FAO Committee on Fisheries (COFI).

### **Ecolabelling**

The review of ecolabelling found that this is now widely practised in many countries, both developed and developing. The most commonly labelled products are domestic items like white goods, detergents, paints, wood/paper products and some food lines. Of the latter ‘organic’ labelling is the most common with ‘dolphin friendly’ tuna being almost the only fish line.

National and international standards have been established for ecolabelling. There is a European Union scheme which, via a Regulation, requires all Member States to set up an Ecolabelling Board. Various initiatives have also been taken by the BSI and ISO.

The demand for ecolabelled products varies strongly by region. The strongest demand is in NW Europe, Scandinavia and North America. The lack of good analogies means that it is not possible to estimate the actual level of demand by consumers for ecolabelled fish or the sort of price premium that it might command. Demand among the major buyers is very strong, particularly from the multiple sector.

Ecolabelling is often a problematic process, the level of difficulty varying according to sector and to the way in which schemes’ boundaries are drawn. There is the potential for labelling schemes to generate perverse effects which can effectively be self-defeating.

Investigation of the forestry sector revealed that the progress of the Forestry Stewardship Council had not been easy. In the UK, industry resistance to the FSC was co-ordinated by a trade association and resulted in the generation of a parallel certification scheme that is endorsed by the FSC but not controlled by it.

### **The Marine Stewardship Council**

The structure and functions of the MSC were investigated and reported upon. Both of these aspects are described in considerable detail in their own briefing material.

The views of a large number of stakeholders were sought via interviews of various types. The retailers and processors were generally very strongly supportive of the MSC initiative. The views of fishermen ranged from cautious interest through suspicion to outright hostility. Where this latter view is expressed it is deeply entrenched.

The MSC's perspective is that it is anticipating substantial changes in the ways that fish is exploited - in terms of fleet re-structuring and management arrangements. Whilst accepting short term difficulties they are optimistic that the scheme will fit into the way that industry will operate in future.

The prospects for certified fish supplies coming on stream were examined in some depth. Some overseas supplies could be available in the next few months but there seems little hope of certifying any significant European whitefish supplies in the foreseeable future.

The major problem area in Europe is typified by the North Sea demersal fisheries. These introduce difficulties because of the need to define a unit for certification. The task of doing so is complicated by the presence of a number of different fleets exploiting the same biological stock units in mixed species fisheries.

There is an urgent need to resolve this problem area because the main UK buyers depend on UK/European wet fish supplies for a significant proportion of their business. No resolution is currently in prospect.

### **The Nordic Council/FAO**

The Nordic Council Proposal referred to in the terms of reference translated into an FAO Technical Consultation on ecolabelling of marine fish products. This was attended and reported on. It was not decided whether FAO would proceed with drawing up guidelines for ecolabelling schemes but the broad criteria to which acceptable schemes would have to conform were agreed. The MSC would be acceptable against a number of these but some would require an adjustment of strategy.

The Consultation agreed that any future work in this area should involve co-operation with the MSC as well as taking into account the work of the World Trade Organisation, ISO and others.

It was found that in the Nordic Council region there continues to be a vigorous debate about issues of sustainability, environmental impact of fishing operations and relations with environmental groups and the media. The purpose of the debate is to protect or enhance market share by taking a lead in addressing consumers' needs and concerns. It will lead to changes in management and marketing policies.

### **Findings**

The study finds that the MSC, or related schemes, will continue to have an influence on the marketing of fish in key regions like Europe and North America. The situation is currently very fluid with a number of powerful factors likely to affect the market for fish and the relative success of the MSC. The MSC is thought not to pose a threat to the catching sector and could provide some safeguards against the bulk buying power of the larger operators in the market place. It is suggested that debate or engagement with the MSC would pose no risks to the catching sector and could lead to the creation of some opportunities.

## **1 Introduction**

The work that led to this report was initiated at a meeting of the Fish Forum held in Hull on 21 July 1998. This followed a period during which the Marine Stewardship Council was established, gained acceptance and declarations of support from a large proportion of the purchasing power of the UK industry, and tried to develop constructive relations with the UK catching sector.

Fishermen's associations have expressed a number of views over the MSC initiative ranging from guarded support through concern and suspicion to outright hostility. This review is therefore part of the means by which the position could be clarified. It should help to put the MSC and related initiatives in some kind of context provide information to those who want to analyse the current and future place for accreditation in marine capture fisheries.

It needs to be stressed that independent verification of all the information here has not been possible. This topic does require those involved to enter genuinely new territory where there are no real precedents to refer to. It is hoped that the outcome will be seen as a reasonably balanced view of the subject.

## **2 Terms of Reference**

These were set by the Fish Forum and were:

' . . to produce a paper . . to cover the ownership, independence and functions of the MSC, a discussion of the demand for and problems associated with ecolabelling, and a commentary on the Nordic Council Proposal made at a recent meeting in Bremen.'

Since that time events have moved on a little and in particular the Nordic Council Proposal has been translated into a full-scale consultation by FAO.

The focus of this report has therefore shifted slightly to accommodate the changes that have taken place. It is believed that this is important in order to maintain its relevance.

### **3 Methods**

The review was quite comprehensive. It involved:

- the author's experiences resulting from involvement with the MSC in the UK since its inception,
- a large number of interviews, face to face and by 'phone,
- e-mail requests for information via a number of networks of contacts,
- a detailed investigation of related schemes in the forestry sector,
- internet/www searches for information on other related schemes,
- involvement in the European Commission's consultation on related matters, and
- involvement in the FAO consultation that developed out of the Nordic Council Proposal to the FAO Committee on Fisheries (COFI).

Interviews were spread over the domestic industry sectors and a number of different countries. They included:

- Individual fishermen and the main UK federations,
- other trade associations,
- large primary processors,
- multiple retailers,
- the fisheries departments,
- fisheries and trade representatives from Canada, USA, European countries including the Nordic group, Peru, Chile, Australia and New Zealand, and
- the MSC, WWF and Unilever.

It should be noted that one very important source of historical and analytical information was the briefing pack assembled by FAO for delegates to the recent Consultation. For those wishing to find out more about some aspects of ecolabelling it is an invaluable source (see ref 1).

## **4 Ecolabelling - setting the context of what, how and where**

### **4.1 Origins**

The first successful ecolabelling scheme was introduced by the Government of Germany in the 70s. The current wave of enthusiasm for ecolabelling can be traced in part to the 1992 UN Conference on Environment and Development in Rio de Janeiro. There, governments agreed to ' . . . encourage expansion of environmental labelling and other environmentally related product information programmes designed to assist consumers to make informed choices.'

European Union States attended that Conference as did representatives of the EU itself.

Schemes have proliferated in the 20 years since the German 'Blue Angel' was introduced. There are schemes in nearly every OECD country and increasing numbers in countries like Brazil, India, Indonesia and Thailand. Products such as paint, washing powder and paper were among the first to become labelled for improved environmental standards. In the agricultural sector 'organic' produce has been specifically labelled for many years. More recently ecolabels on forestry products have been introduced and it is predicted that the first ecolabelled fishery products will be on the market in early 1999.

### **4.2 Definitions**

FAO says that ecolabelling is ' *. . . one of a number of specialised product labelling concepts. Schemes have been introduced in various sectors and for different objectives by non-governmental organisations (NGOs), private industry and governments. The common feature of labelling schemes is that consumers' purchasing behaviour is directed to take into account attributes of the product other than their price and mandatory quality and health standards. These attributes can relate to economic and social objectives (fair trade; support to small farmers; discouragement of child labour) in addition to environmental and ecological ones.*'

The UK Ecolabelling Board notes that '*Ecolabelling (or environmental labelling) is a guide for consumers to choose products and services that cause less damage to the environment.*

- *ecolabelling makes a positive statement that identifies products and services as less harmful to the environment than similar products or services used for a specific function.*
- *ecolabelling is fundamentally different from the setting of minimum product standards or requirements. The key difference is that ecolabelling is intended to reward environmental leadership.'*

The Marine Stewardship Council seems not to use the term 'ecolabelling' in its literature. It makes plentiful reference to 'sustainability' and 'sustainable management' and defines a sustainable fishery as one that is conducted in such a way that:

- it can be continued indefinitely at a reasonable level,
- it maintains, and seeks to maximise, ecological health and abundance,
- it maintains the diversity, structure and function of the eco-system on which it depends as well as the quality of its habitat, minimising the adverse effects it causes,
- it is managed and operated in a responsible manner, in conformity with local, national and international laws and regulations,
- it maintains present and future economic and social options and benefits, and
- it is conducted in a socially and economically fair and responsible manner.

The United Nations defines 'sustainable development' as '*development that meets the needs of the present without reducing the ability of future generations to meet their own needs*'.

#### **4.3 Mechanisms for ecolabelling**

The means by which ecolabelling is effected depends on the type of scheme that is proposed. FAO and ISO use equivalent descriptions for the three categories that are generally recognised:

- 'first party' schemes administered by individual companies, based on their own product standards,
- 'second party' schemes established by industry associations for their own members' products. Criteria may be devised externally but verification is carried out internally or contracted out, and
- 'third party' schemes where criteria may be the subject of negotiation between different interest groups and the process of accreditation is independent of industry.

There is a further important division between labelling that describes a management or production process, and that which describes the outcome of the process. As an example it could be claimed that *in principle* a fisheries management scheme is well thought through and logical and therefore deserves to be endorsed. The alternative is to look at what it actually delivers and determine whether the outcome can be endorsed.

For each of these types of scheme there are various functions involved:

**the aims** need to be clearly defined and this is generally more complex as more interests become involved,

**product criteria** have to be devised within boundaries that may include production, harvesting and processing methods and content details,

**an assessment process** needs to be established to determine the standards which the system must achieve and to ensure that these standards are applied consistently,

**a secure supply chain** will need to be established so that the system has credibility, and

**peer review** of the process needs to be introduced in order to conform to internationally accepted standards.

#### **4.4 Institutionalising standards**

As noted above, the Rio meeting resulted in all participating states agreeing the desirability of ecolabelling. Directly or indirectly because of this, the International Standards Organisation (ISO), the Food and Agriculture Organisation of the United Nations (FAO), the European Commission and a large number of national governments have all taken concrete action to progress the concept. This is in addition to the various private sector initiatives that have been taken.

ISO set up their 14000 family in support of the objective of 'sustainable development' discussed at Rio. It launched a new technical committee ISO/TC 207, Environmental Management, in 1993 to develop the standards and that committee now comprises 71 national delegations. The standards and guidelines apply to systems *not outputs* and are planned to cover:

- environmental management systems,
- environmental auditing and related investigations,
- environmental performance evaluation,
- environmental labelling,
- life cycle assessment,
- forest management,
- environmental aspects in product standards, and
- terms and definitions.

ISO is a world-wide federation of 130 national standards bodies. In the UK we have the British Standards Institute and, recognised by the UK government, UK Accreditation Services. This is the national body responsible for assessing and accrediting the competence of organisations in a number of fields including system certification. An important part of its *modus operandi* is that it is subject to peer review. In fact all equivalent national services operate in this way so that standards are uniformly consistent.

Within Europe the EU Ecolabel Regulation (880/92) was ratified in 1992. The introduction of the EU ecolabel generated the need for an EU body to oversee standards as well as national boards in all member states. There is a UK Ecolabelling Board.

National and regional ecolabelling schemes are commonplace in the rest of Europe, North America and the antipodes. The scheme with the highest profile in Europe is perhaps the Nordic Swan Label. This was initiated by the Nordic Council of Ministers in 1989 as a ' . . harmonised, voluntary and positive Nordic environmental labelling system. . ' which is now administered by the Nordic Ecolabelling Board.

The United Nations has a Task Force on Environmental Labelling and the FAO is considering through its Committee on Fisheries (COFI) whether to establish guidelines for the ecolabelling of products of marine capture fisheries.

Most of the larger schemes have concentrated on non-food items. The EU Ecolabel Awards typically cover white goods such as washing machines, paper products and surface coatings. The Swan label covers 1200 products with the main areas being household chemicals, paper products, office machinery and building materials.

Labelling schemes for food items have a long tradition and have become mandatory in many countries. Many of these are concerned with nutritional information and, in this area, a large degree of international harmonisation has been reached through the involvement of Codex Alimentarius which is supported by FAO and WHO. The other major area where labelling has focussed is in the organic production sector. As well as a large number of national schemes for certifying production systems there is also an EU Regulation (2092/91) which governs production, marketing and labelling in the Union and Codex guidelines which are ready for adoption.

Networking is becoming increasingly common in this sector with, for example, the Global Ecolabelling Network (established 1994) having a membership of 14 ecolabelling organisations on four continents and the European Green Purchasing Network having been launched in 1998.

#### **4.5 Applications to fish and fish products**

Labelling for fish and fish products is extremely limited. For wild capture fisheries the only eco-labelling scheme that currently applies to fish is the 'dolphin friendly' endorsement. The Nordic Council examined the feasibility of its own scheme but decided against it. This leaves the MSC as the only player with any sort of claim to international coverage.

In aquaculture there have been several initiatives recently. The Global Aquaculture Alliance is seeking to develop codes of practice for environmentally and socially responsible aquaculture practices but the main interest of the grouping is mangrove conservation. A group of North American tropical shrimp importers tried to set up a code of good practice for their suppliers which would have been linked to a labelling scheme, but this was very short-lived. In Scotland the Salmon Growers' Association have just launched their Sustainable Development Strategy which will, in time, be linked to their marketing strategy through labelling.

#### **4.6 Demand characteristics**

Hard evidence of the strength of demand for ecolabelled products is scarce and the pattern of demand is very strongly related to geographical area.

There is strong anecdotal evidence that demand for ecolabelling schemes is concentrated in north west Europe and North America with suggestions that this bias is stronger for food products than for the non-food sectors. Within Europe France, Spain and the Mediterranean countries are not thought to offer strong demand for ecolabelled food. This trend is thought to continue into eastern Europe with the exception of countries like Switzerland and Austria.

Antipodean contacts suggest that Australia and New Zealand offer some potential for labelling schemes but that the whole of the Far East is dismissed as a potential market place.

This focus of demand helps to explain the level of interest in certification schemes in countries that are effectively on the supply side for fish and fish products destined to reach markets with responsive consumers.

#### **4.7 Demand strength**

The Nordic Swan literature cites a survey in December 1996 which showed that 80% of Norwegian customers know that the Swan label is the official environmental label and 79% say they prefer products with the Swan label.

Consumer research was carried out by the UK Ecolabelling Board in 1996 in conjunction with DoE and the National Consumer Council. Their description of the results are in Appendix I. In summary, they looked at a range of consumer attitudes toward 19 different types of 'environmental action'. They identified five different consumer groups based on these attitudes. In the most active group 60% believed they could '... make a difference by buying environmentally friendly products...' and 40% of the others made the same assertion. In experimental purchase scenarios they compared buying behaviour for three product ranges in response to a number of options. They found that an ecolabel plus on-pack information elicited a 10% increase in preference and that this was equivalent to the preference shown for a 10% price reduction.

The most recent evidence for the strength of demand in the UK comes from the multiple sector and their associated suppliers. Nearly every significant player has committed publicly to the MSC initiative and all are convinced of their need for a scheme that will deliver them some kind of statement about their belief in defensible, sustainable production systems.

Delegates to the FAO Consultation represented some 45 countries and were overwhelmingly from a market-orientated background. Amongst them there was virtual unanimity that ecolabelling was rapidly becoming a significant influence and one that was set to grow rapidly.

Some additional information on consumers' insights into the significance of labelling has been provided by research commissioned by Seafish in 1998. This seemed to show a very low level of understanding of the concept of quality particularly as represented by information on a pack label. More significance was placed on the identity of the retailer than on label claims.

#### **4.8 Problems**

All ecolabelling schemes suffer difficulties, either on an individual operational basis or as a function of their relation to other schemes or institutions. This section highlights some of the generic problems and difficulties; issues that are specific to the MSC are dealt with in section 5 below and in the Discussion Section.

*International trading agreements*, principally arising from GATT or, more recently, WTO place very firm restrictions on measures that could be used as barriers to free trade.

For this reason all ecolabelling schemes have to be voluntary/non-discriminatory where the commodity involved is traded internationally. A good recent example of this is the dispute over US requirements that all shrimp imports must have been taken by nets with turtle excluder devices (TEDS). The necessarily voluntary nature of schemes raises some difficulties in ensuring equivalence and consistent standards between different producers. Where, for example, FAO or Codex becomes involved in setting standards or guidelines for schemes it is important to realise that they cannot exert any formal influence, their role is purely advisory.

*Credibility* can be difficult to achieve in the context of international trading with a number of potential suppliers. Notes from the FAO meeting identify some of the critical requirements for a certification/labelling scheme to achieve credibility (see Ref 2). These include:

- objectivity in assessment of environmental performance including the use of predetermined criteria which can be measured through quantitative and/or qualitative indicators,
- reliability, meaning that the outcome of the process should be the same in similar situations,
- independence from parties having vested interests, transparency, allowing external judgement on standards and their application, and
- development of the scheme through an open, transparent consultation process involving all stakeholders.

***Agreeing aims*** is possibly the most important part of the process of establishing a scheme. The scope of those aims is likely to reflect the priorities of those considered to be stakeholders. This in turn depends on the degree of rigour applied to the analysis of 'the problem' and it also determines the feasibility of being able to apply meaningful performance indicators.

As an example there are ecolabelling schemes that include 'protecting the rights of indigenous peoples' as part of their aims. In the marine sector, the topic of cetaceans has been prominent for several years but the underlying issues are not always clear. There is always a risk that the focus of a scheme will be diluted to the extent that the clarity of its aims may be compromised. 'Conservation' has a very specific meaning. That meaning does not encompass human rights, animal rights or a host of other issues worthy though they may be. The initial stages of any scheme need to be carefully planned and boundaries drawn honestly. If this is not done the whole process will inevitably become much more complex and problematic than it would otherwise be.

***Chain of custody guarantees*** can give rise to real problems where producer participants are not working exclusively to one standard. For example, sawmills or large fish processing operations may have many customers, some of whom require accredited product while others do not. The logistics of reorganising production lines can be problematic and security may be difficult to achieve where there are lines running in parallel but operating to different standards.

***Effectiveness*** can only be established where there is a measurable improvement in terms of the aims of the scheme. Agreement as to the most appropriate environmental indicators for the sectors currently being affected has not been reached. In addition to this the forestry sector only has about 1% of its output conforming to FSC criteria so the overall benefits may be difficult to observe at this stage.

***Costs and product pricing*** are a source of some uncertainty at present. It is clear that certification costs per unit of product depend very much on the size and nature of the production unit that is being certified. Costs are relatively higher for small producers than for large ones. A Norwegian study (see Ref 3) identified other factors that contribute uncertainty as to the average costs of a certification exercise. These include the starting point of the process to be certified, competition between certifiers and difficulties in distinguishing between external (system related) and internal (management related) costs.

Between the costs of the exercise and the product price lies the question of where the burden of cost should fall. In fisheries, given the very wide range of fleet profiles that exists, it is difficult to see how an equitable system can be established that will result in equivalence of product in the market place.

The FAO review observes that for organic products a price premium of 10-20% is usually not difficult to obtain but that in the forest products sector this is more likely to be in the range of 5-10%. The significance of these raw figures is however likely to depend on

market share and on location. The strength of demand in the Nordic countries where demand for organic produce is strong is not currently reflected in most of the rest of Europe and there is little indication yet as to the premium that certified fish could command.

As a general observation it is self-evident that the benefits of any labelling scheme have to be greater than the costs. Crucial and unresolved issues are the time-base of the accounting process, what is eligible to qualify as 'a cost' and the point(s) at which costs are levied or counted.

*Perverse effects* of certification are also potentially problematic and need to be addressed if the issue of effectiveness is to be taken seriously. These effects may arise where value differentials are introduced into production processes making some sectors more profitable than others. The result can be to make schemes victims of both failure and success.

Production units that do not achieve certification are expected to experience relatively lower demand for their outputs. This can occur as a result of reduced market share or lack of a price premium. In these circumstances the 'normal' response by individual producers is to maintain income by increasing production volume. Resources that are exploited by uncertified producers may therefore come under increasing pressure if no provision is made to avoid this. A similar response can occur with successful producers because there is a natural tendency to capitalise on improved performance. This latter tendency may not matter in terrestrial systems but, in a common access fishery, may lead to inappropriately enthusiastic harvesting effort if monitoring is not comprehensive.

#### **4.9 Case Studies**

There are very few case studies that have relevance to the debate over the MSC. An extensive search has failed to find any other scheme which applies to wild harvest industries and particularly any that may involve a common access resource. That being the case the nearest parallel is the forestry sector but that does reveal some interesting and informative material.

The information presented here has been taken from interviews with the Policy Director of the Forestry Industry Council of Great Britain (FICGB), discussions with Canadian contacts and from FAO briefings. Like all the other sources of information presented in this report it has not been subject to independent review but, in many ways, it is consistent with the other sources used - from whichever side.

The forestry sector world-wide has seen many schemes aimed at encouraging best, or improved, practice. Some of these are referred to above but the literature is also extensive (see for example refs 4, 5 and 6). The Forest Stewardship Council was conceived of around ten years ago and formally constituted in 1993. The initiators were the World Wide Fund for Nature (WWF), B&Q and a number of environmental NGOs including

Greenpeace and Friends of the Earth (FoE). In the early stages of the process the forestry industry was very much a minor player. After the details of the scheme were agreed the WWF 1995+ Group was formed and industry liaison began. The WWF 1995+ Group comprised retailers who were prepared to commit to the principle of sourcing from sustainably managed forest.

At that same time in the UK there was a trade association - the Forestry Industry Council of Great Britain which had devised its own accreditation scheme for well-managed forest and wood lots. The FICGB Woodmark guaranteed that wood had been felled and processed according to all Government requirements and had been through a secure chain of custody. The UK grant schemes for Woodlands Grants, Farm Improvement Schemes, etc were conditional on the criteria of the FICGB Woodmark being met. The standard was negotiated with industry, the Forestry Commission, the statutory nature conservation bodies (the SNCBs are English Nature, Scottish Natural Heritage, the Countryside Council for Wales and Environment and Heritage Services in Northern Ireland) and environmental NGOs including WWF, FoE, RSPB and the Woodlands Trust.

The UK producers broadly resented the arrival of the FSC because of what was perceived as the imposition of an unnecessary scheme and, mainly through the FICGB, campaigned vigorously against it. The basis for their objections was four-fold; the FSC was unaccountable, non-democratic, lacking a track record and commercial forestry experience and was not subject to ongoing peer review.

The FICGB's concern over the FSC was increased when a forestry unit in British Columbia was FSC accredited without having a management plan in place. This caused Greenpeace Canada to disassociate itself from the accreditation. Subsequent to that the FICGB claim that there have been several examples of compromise and varying standards being applied to accreditations by the FSC.

It is claimed that the FSC and the 1995+ Group then targeted the main UK supplier of flat packs and chipboard products to B&Q and Homebase threatening to source ex-UK if the company did not achieve FSC accreditation. The resulting conflict was mediated by the Forestry Commission who negotiated with FSC, the NGOs and other stakeholders. The outcome was that there is now a UK Woodland Assurance Scheme in addition to the FSC scheme and about to be endorsed by it. The scheme is to be administered through independent assessors accredited by UKAS. It is designed to meet the UK's obligations under the Rio and Helsinki agreements and to be compatible with other countries' national standards and the ISO 14000 series. There are thus to be two compatible standards and the FSC will not have a monopoly in accreditation in the UK. The perceived virtue of this arrangement is that the FICGB has managed to keep the UK industry engaged in a process of upgrading environmental performance. That performance will be assessed in accordance with internationally accepted standards whilst at the same time there will be a safeguard against the FSC falling out with some of its more fickle supporters.

It is important to draw out some of the differences between the forestry and fisheries sectors - other than the more obvious ones that is!

The Forestry Commission has 30% of the entire UK estate but contributes around 60% of UK gross production. Adding the contributions of the two next largest producers, Tillhill/Economic and Fountain Forestry gives a figure of >70% gross volume. This figure is significant because 70% is the minimum level of accredited wood content required by FSC and UKWAS in a wide range of products, particularly the cheaper sectors which are mainly made from composites.

UK producers only supply about 15% of the UK market but this is seen as a key market place for FSC to succeed in. The forestry industries in most of the Nordic countries already conform to the requirements of the Nordic Swan label but Denmark and Sweden are ensuring that they have national management schemes that are compatible with the FSC's criteria.

Accreditation is much easier and cheaper in mono-culture stands than for the traditional multi-species woodlands that are so popular.

Those in industry have severe reservations as to whether it is possible to achieve a fully secure chain of custody. The structure of industry in many countries does not lend itself to this kind of approach and many saw mills will have to run parallel lines and storage areas for accredited and non-accredited wood.

The FSC has started to gain market share recently with B&Q, Homebase, Focus, Do it All, a number of Local Authorities and the Laing Group all pledging to source primarily from accredited suppliers over the next few years. It is estimated that accredited wood will eventually achieve around 25% market share across the full range of products which includes MDF, toilet paper, charcoal, wall paper, hairbrushes, garden furniture, veneers and many others.

Currently, accredited wood products make up ~1% of the global market.

## **5 The Marine Stewardship Council**

### **5.1 Structure**

The Marine Stewardship Council (MSC) was formally constituted in 1997. It was established as an initiative by Unilever and the World Wide Fund for Nature (WWF) who provided seed-corn funding. It is now described in its literature as an 'independent, charitable, not-for-profit and non-governmental international organisation'. The formal relationship with Unilever and WWF ended in June 1998 and since that time the organisation has been seeking funding from a range of charitable foundations.

The current structure of the organisation is shown in the following organogram. It is headed by a Board, the chairman of which is ex-fisheries minister John Gummer MP. The Board comprises:

Iannis Paleocrassis - former EU Commissioner for the Environment and Fisheries,

Henrique Cavalcanti - former Brazilian Environment Minister and latterly Chair of the UN Commission on Sustainable Development,

Sir Martin Laing CBE - former chairman of WWF UK and currently chairman of John Laing plc, and

Shaun Woodward MP - Board member of several charities including Childline and the ENO and formerly a TV producer of consumer programmes.

There are three national Working Groups of which the one in the UK is the most active. These are non-executive in function, comprising stakeholders in each national industry, and liaising quite closely with the officers and Executive of the MSC. An extract from an MSC explanatory memorandum describes the remit of national working groups:

'In countries or regions with a high level of interest in MSC certification, an MSC Working Group, comprising relevant stakeholder interest, may be established to facilitate a consultative process on certification through meetings and workshops. The consultative process should be open and transparent and involve all relevant stakeholder groups.'

A number of other more or less formal bodies are proposed which will generate policy on a range of issues as well as determining standards, the content of outreach and educational programmes and the like. None of these is yet functioning to any great extent but they are to be made up from the Chairmen of national Working Groups and others along with representatives from the Advisory Board. This is expected to be the major policy discussion forum and will function mainly via the MSC web site. It is expected to have physical meetings only annually or biannually.



The Executive and policy committees are to be serviced by a secretariat whilst the national Working Groups are free-standing. There are a number of officers of the MSC who are concerned with areas such as accreditation, outreach and education programmes and fund raising.

It is estimated that the existing establishment, including the London offices, will cost in the region of £500 000 per annum to run.

## **5.2 Antecedents**

Responsible fishing initiatives have been formalised in mainstream institutions for about five years. The first obvious example to be launched internationally was the FAO Code of Conduct on Responsible Fishing Operations, published in 1995. Prior to that there had been many 'appropriate technology' initiatives as well as a series of minority interest publications from FAO, many of which were published under the Bay of Bengal Programme.

A problem is that the FAO Code is essentially a statement of principles that is rather short on specifics. One major obstacle to large scale or more general implementation of the Code has always been the lack of a global operational framework. Such a framework needs to provide appropriate incentives to fishermen and traders to adopt best practice, some cushioning from the short term economic impacts of such changes, and some measure of pressure or compulsion to comply.

It was in this sort of context that the World Wide Fund for Nature identified the potential for harnessing market forces to further their environmental objectives. Their first major venture in this area was the Forest Stewardship Council (FSC) which was launched jointly with B&Q. That scheme, which was based on the certification of products from 'well managed' forests producers, has been reasonably successful for both companies and now has the support of a number of other DIY multiples.

The Marine Stewardship Council (MSC) was initially modelled directly on the FSC but with one important difference; its initiators understood the importance of early stakeholder involvement - which had been missing from the FSC - and opened a dialogue immediately.

The establishment process started with a meeting of a number of figures prominent in the field of fisheries management and development. Their three day workshop in Bagshot UK resulted in the drafting of a set of 'Principles and Criteria' (P&Cs) on which any judgement about a fishery's sustainability could be based. That workshop was followed by a series of consultative meetings held in major fishing nations which allowed invited stakeholders and observers to respond to the P&Cs in the context of the fisheries with which they were familiar. This process then resulted in a redrafting of the P&Cs. Details of the final text are contained in Appendix II. In summary form, the principles apply as follows:

- the first principle emphasises the status of the targeted stock(s),
- the second emphasises the status of the ecosystem with which the target stock is associated, and
- the third principle concentrates on two key aspects of the management of the resource that constitute the human activities most likely to enable successful achievement of the goals of the first two principles:
  - the management system - that is the institutional structure for management of the fishery
  - the management of the operational activities that are conducted in the process of exploiting a particular fishery - that is management of fishing activities.

### **5.3 Functions**

The functions of the MSC are described in their literature (see Appendix III). They exist to establish and administer a framework by which certain qualities can be attributed in a consistent way to products of marine origin .

The qualities are detailed in the P&Cs and already defined by an external and independent group of experts. The philosophy by which they are applied is expressed through the mission statement of the MSC. That is to:

‘Work for sustainable marine fisheries by promoting responsible, environmentally appropriate, socially beneficial and economically viable fisheries practices, while maintaining the biodiversity, productivity and ecological processes of the marine environment.’

Alongside the mission statement is a further description of a range of aspirations. These are to:

- protect coastlines
- prevent over-fishing
- (encourage the use of) selective fishing gear
- resolve disputes peacefully
- protect fishworkers’ rights and working conditions at sea and on land
- conserve, nurture and develop bio-aquatic resources and aquatic ecosystems
- bring fishworkers and policy makers together.

It is still not clear what the status of these points is.

The means of application, which are to be the day to day functions of the MSC, are mainly concerned with recognising competent accrediting organisations, maintaining standards, outreach and awareness programmes and licensing the use of the MSC logo to accredited products.

Currently they are more concerned with identifying suitable test cases for accreditation, assessing potential certifying organisations, fund-raising and awareness raising.

As and when the scheme is running properly it will be initiated by a fish producer requesting that their fishery be assessed for certification. The certification process will then be carried out in seven stages:

- Stage 1      *Initial discussions* - between certifier and client regarding the readiness of the fishery for certification.
- Stage 2      *Pre-assessment visit* - during this visit, background information is gathered on the geographical area of the fishery; identification of stakeholders; Government and political stability; domestic consumption and export information; the management practices of the fishery and other external factors that influence the fishery. (NB - this part of the process is confidential to the client and certifier.)
- Stage 3      *Review of outcomes of the pre-assessment visit* - if the report shows that only minor issues exist then, client willing, the fishery moves forward to the next part of the process.
- Stage 4      *Assessment visit* - this is the stage at which comprehensive data are gathered on the fishery. This stage also involves comprehensive stakeholder discussions.
- Stage 5      *Peer review* - this is where the report of the certifier is reviewed by an independent panel of experts for completeness and to ensure that the assessment process has been carried out in line with the certifier's own procedures and the MSC certification methodology.
- Stage 6      *Certificate awarded* - this is the stage at which a certificate is given to the fishery demonstrating that it meets the requirements of the MSC Principles and Criteria i.e. that it is well managed and that the stock is sustainable. A summary of the certifier's report is placed in the public domain.
- Stage 7      *Maintenance visits* - each certified fishery is subject to routine monitoring by their certifier at least every six months to ensure ongoing compliance with the MSC Principles and Criteria

(Source: MSC leaflet Fisheries Certification, Issue 1, 1.6.98)

The application of the above stages pre-supposes that the certification unit can be agreed. This point is drawn out in the discussion section but it is worth noting here that the ease of identifying the unit/fishery decreases with the number of species involved and the number of fleets/métiers that are prosecuting the same stock/s.

#### **5.4 Ownership**

Legal ownership of the MSC resides with the Board. It is they who ultimately decide policy and who are responsible for the organisation's activities and liabilities.

The division between ownership, policy and funding does, however, bear closer examination. This is because, in the case of the MSC, the scheme is several years from being self-supporting. In fact, despite the relatively long history of labelling in the area of environmental quality there are still no schemes that are financially independent. The organisation will probably need to be able to attract ~£500 000 each year for at least the next five years and, as yet, that funding has not been secured. It has been confirmed that whilst WWF will not provide any more core funding it will continue to support specific MSC projects that are consistent with their own aims and this is bound to raise some questions, from some quarters, as to how independent of sectoral interests the organisation can be.

### **5.5 Stakeholders' views - UK**

The MSC proposal for ecolabelling marine products is essentially for a voluntary, market-driven scheme that will operate in such a way that it can accommodate all necessary aspects of the global trade in fish and fish products. It is very much Euro-centric and the dominating sector in most of the current deliberations is the UK multiple retailers. The second force is the major UK processors who serve the multiples' needs in terms of their requirements for fresh and frozen produce. The producing side - the UK catchers - are virtually unrepresented at the meetings of the UK Working Group.

With that in mind the following section presents the views of a range of players in each of the sectors described. These are in the same order as given above: retail, processor, primary producer followed by those of the Fishery Departments, Unilever, WWF and the MSC itself.

It should be pointed out here that none of the interviewees disagreed with the principles that underlie the MSC initiative - it would be hard not to subscribe to a scheme that was working for more effective stock conservation, a healthier ecosystem, greater productivity and enhanced profitability.

*The retailers'* views seem to split into two types which are relatively short- and long-term respectively.

The short-termers are characterised by a degree of impatience. The UK Working Group has been up and running for over a year and seems to keep going over the same ground. The first workshop in Aberdeen and the subsequent meetings of the Group raised expectations that have not been realised. Planners and movers in the retail sector generally expect to have a fairly short lead time from concept to delivery. These are the Group members who frequently ask 'where's the fish?' and who are looking for progress to be faster.

The long-termers are rather more philosophical in their approach. They realise that they are entering into a process that could take several years to evolve into a practical workable scheme. When they are faced with lack of progress or critical comment about the MSC

they will typically answer along the lines of 'have you got any better alternative? This is the only runner and we will stick with it'.

Loyalty is not an issue here but pragmatism. With both of these groups there is a clearly identified need for a credible scheme that will deliver some kind of on-pack assurance as to the conservation credentials of their products. For some of those interviewed this was claimed to be a matter of long term strategic planning. Those thinking long-term want to find some way of improving the prospects of continuity of supply and stability. This makes sense in the context of the MSC because it offers only a generic scheme that cannot promise to give any one trader a competitive advantage relative to others. Where this kind of thinking is not evident then, at worst, it indicates a lack of insight into the nature of the problems that face the wild capture fisheries.

The multiples' representatives also made some very telling comments about quality and professionalism in the supply chain. In all areas they have an expectation that suppliers will apply best practice to their production processes as a matter of course. This is especially important in the food industries where quality, public health and traders' liabilities are all bound up in the way that the supply chain performs. Whilst some of these considerations may not apply directly to the act of catching fish they argued that it was quite reasonable to expect suppliers at least to act responsibly and to be able to demonstrate that they were doing so. Many of those interviewed were familiar with the FAO Code of Conduct for Responsible Fishing and felt that they would be justified in asking fishermen to conform to its provisions or explain why they could not.

Two multiples mentioned their involvement in the Retail Consortium's initiative to devise a generic 'retail standard' that would set minimum standards to which producers should conform. They had no difficulty in making the connection between terrestrially based production systems and those at sea.

'Responsible trading' was mentioned by several interviewees as implying a commitment to responsible practices throughout the supply chain. These buyers wanted to find a way of focussing their buying towards those showing that they were acting responsibly. They claimed that this was as a means of helping suppliers to find an incentive to change. Once a few certificated products arrived on the supermarket shelves they thought that the momentum for change would become irresistible. They further claimed that their belief in this principle was being borne out by current events in the forestry sector where accredited product lines were just starting to achieve market share.

All the multiples' representatives interviewed articulated their dependence on UK wet fish supplies and their need to maintain their ability to source from that sector. The need is based both on their buying requirements and on the desirability of being seen to be a part of the UK supply chain.

*The processors*, and the first buyers of fish in general, likewise subscribe to the need for sustainability and stability. They too seem to split into two camps - the larger processors

who deal with substantial volumes of frozen as well as fresh fish - and the smaller, generally independent and mainly wet fish processors. The former are more in tune with global conditions whereas the latter, whilst well informed, are much closer to the domestic supply source. The result is that while both are keenly aware of the need to supply to their customers' specifications, the smaller processors are closer to the domestic fleet and more immediately aware of that sector's concerns about the MSC. Both however strongly express the need for the domestic catching sector to be present at the UK Working Group meetings so that they can at least be aware of the debate that is taking place. Both groups are also dependent upon UK wet fish fleet for a significant part of their supply and feel some degree of loyalty to it.

The processors expressed some of the strongest concerns about 'the North Sea question'. This is that they basically could not accept a situation where they could not source from the various North Sea fisheries because they had not been certificated. The core of the problem has been discussed in many fora including the various MSC Workshops and identified by FAO. It is that in a multi-species fishery, exploited by a number of national fleets using a range of fishing methods there is no clear fishery unit to accredit. Further to this a number of sources, including MSC backers, have regularly described the status of many North Sea stocks in fairly dire terms. Can the major North Sea fisheries be accredited, and if so how? They predicted a real dilemma, shared by many in the multiple sector, that a compromise in the North Sea could undermine the integrity of the whole programme.

*The fishermen's associations* are unequivocal about the MSC. The most commonly mentioned objections to the scheme are that it is unaccountable, undemocratic, lacking transparency and driven by sectoral interest - and these are perceived to be either the multiples, environmentalists or a large multinational organisation.

It was noted that existing fisheries management may leave much to be desired but at least it is arrived at democratically.

The most extreme view expressed was that the MSC was a manipulative scheme masquerading as consumer preference. More specific comments concerned the focus of the scheme and the competence/experience of those involved.

Focus was thought generally to be poor reflecting the acceptance of 'fringe' environmentalists as stakeholders who could legitimately contribute to the debate and influence policy. This was thought to dilute the core mission of any such scheme which should be to conserve the stocks of commercially important fish species.

Comments about the lack of experience of the officers of MSC were directed as much at their unfamiliarity of all that had gone before as at their lack of knowledge about commercial fishing operations and the market place. The combination of naivete and lack of accountability were thought by several respondents to provide the potential for real problems.

An additional point was either made or endorsed by all of those interviewed. It was that fishermen could not be expected to buy into a scheme where the offer was not clear. This lack of clarity was said to derive from the inability to define a number of the most important concepts underlying the certification process. Of these the definition of the certification unit was key, particularly in areas like the North Sea; uncertainty over where the burden of cost would fall caused concern, if not alarm; and there was the potential for the market place to become increasingly inequitable as costs and opportunities continued to change in response to the activities of an unaccountable organisation.

*The Fisheries Departments* do not have a public position on the MSC. Within the ranks of fisheries scientists there is a general acceptance that the underlying values are sound but that the process of delivering them through the MSC will be no easier than the existing management regime. This applies particularly to the kinds of demersal fisheries found in the North Sea.

*Unilever* made the first, and still the strongest, public commitment to the MSC. When the MSC was launched they predicted that by the year 2005 they would source all of their fish from sustainable sources. In a recent speech, Anthony Burgmans of Unilever (see ref 7) noted that 'The MSC will play a vital role in helping (Unilever) to meet this target'. The 2005 target still stands and they remain committed to the scheme.

*WWF* commented at some length on the current situation. They confirmed that their role had changed from being a backer to that of supporter and watchdog. Whilst the MSC is financially independent WWF may, at its discretion, give grants to support specific projects but will not provide any more core funding.

It was pointed out that although industry associations may complain that the MSC is unduly influenced by conservationists, the same sort of criticism comes from that side - the conservationists are effectively complaining that MSC is paying too much attention to the commercial sector. This could indicate that the balance was currently about right.

WWF understands that fish producers in a number of countries want clear indications that there is firm market demand for accredited products. Accordingly WWF will be concentrating on helping to generate that demand by raising awareness amongst retailers in the OECD countries.

It was acknowledged that ecolabelling as proposed by MSC is inevitably a long term approach to the problems of achieving sustainability. In this context the spokesman agreed that there were real problems in areas such as the North Sea which concerned how certification units could be defined. It was even speculated that there might be situations where the complexity of a fishing area was such that it actually precluded certification.

*The MSC* perspective was given by Carl-Christian Schmidt the out-going Project Manager. He stated that the over-riding principle of the MSC was that for any certificated system the benefits had to exceed the costs. He believed that the reason that Unilever and

all the large players were involved was their genuine desire for stability, their long-term outlook and their concern for their employees.

It was predicted that accredited products would start to be seen on the supermarket shelves 'in early 1999'. The volume could not be predicted however and could be anything from a few tonnes up to hundreds of tonnes. There were claimed to be 'at least 20 fisheries' coming through the process, ten at an advanced stage, another ten just starting. Buyers' specifications were tightening all the time and were increasingly reflecting the MSC criteria as well as the FAO Code of Conduct for Responsible Fishing.

The species coming on line would include mackerel, crab, mussel, lobster, salmon, hake and another species that could not be mentioned for commercial reasons.

Looking at the likely costs of certification Mr Schmidt could not predict the sort of price premium that accredited products could achieve or where the costs of the scheme would most likely fall. Some perverse effects were inevitable but the scheme would take a few years to settle down.

He considered that fishermen's apparent resentment at the MSC initiative was based on their assumption that the resource belonged to them. The allocation of property rights would be a key move in increasing the industry's economic efficiency and this put the MSC question in the context of fleet re-structuring and a system of incentives that would reward certain types of performance. It was questioned whether the existing fleet had any automatic right to security. The means of getting fish from source to table had to be as economically efficient as possible and the MSC was the forerunner of a conceptual change in what fishing is for.

The MSC's role was currently that of a catalyst, starting a process of change that was inevitable. Mr Schmidt considered that the market place would see more certification schemes starting up and that this reflected the need for new systems. Given the relatively long time scale that all this implied he was relaxed about the prospects for funding coming from charitable foundations.

*Seafish* also has a position on fish supplies which derives from its statutory obligations and gives it a perspective on issues such as ecolabelling. This is that it works for the efficiency of the sea fish industry and the interests of consumers of fish. Industry and consumers would benefit from a production system that showed greater stability. The current situation where industry often depends on a single year class of fish recruiting to a fishery is conducive to neither efficiency nor stability. In case ecolabelling proves capable of contributing positively to more consistent supply of fish, it should be taken seriously - especially when such a large proportion of the UK's retail sector supports the principle so strongly.

## **5.6 Potential supplies of accredited fish**

The author spent a considerable amount of time trying to trace the fisheries that are due to come on stream. This involved discussions with a range of people from the countries involved. There is no guarantee that all prospective suppliers were identified, the following is merely an account of those that were traced.

*In the UK* there have been some negotiations with the Thames herring producers who fish the Blackwater stock. This is a small fishery yielding a maximum of around 250 tonnes per annum. There is still disagreement amongst the producers as to whether the benefits will justify the costs and whether they should proceed.

Discussions with South Devon and Channel Shellfishermen Ltd were entered into in an attempt to gain 'type approval' for potting or to determine the costs and implications of full scale accreditation. To date there has been no agreement to enter into the process of assessment and, in any case the volume of product destined for the UK market is relatively small.

The Cornish mackerel hand liners have made a preliminary approach to MSC but, again no commitment has been entered into.

There also appear to have been some informal discussions with some of the UK Sea Fisheries Committees to examine the prospects for certification of fisheries within their areas but little common ground has been identified.

*Dutch pelagic interests* are hoping to get North Sea mackerel supplies to be accredited.

*In Alaska* the salmon producers are reported as having agreed to participate in a certification test case. This fishery feeds canning lines that supply the UK multiples. There is some dispute as to whether the fishery can be considered sustainable as yields have been dropping year on year.

*South African hake* is a strong candidate for accreditation.

*In Australia* the Western Australia rock lobster fishery is reported to be ready to be accredited but the majority of their product goes live to Japanese and southeast Asian markets where there seems to be no interest in ecolabelling. There has been an approach by a Patagonian tooth fish vessel operator to have his boats accredited but that seems to have lost momentum.

*The New Zealand* hoki fisheries could conform to MSC criteria and German buyers have been asking for similar assurances. This is in the context of a shortfall in Alaskan/Russian pollack supplies. There is a reluctance on the part of the New Zealand producers to be seen entering the ecolabelling arena prematurely.

*A number of South American* pelagic producers were approached as part of the outreach programme in that continent. At the time they were preoccupied with el niño. They are the group that has required evidence of strong market demand before they would be prepared to conform to a set of externally imposed production criteria - they already have to satisfy quality requirements for the US FDA among others.

## **6 The Nordic Council Proposal**

### **6.1 Background**

As referred to above the Nordic Council group of countries - Norway, Iceland, Sweden, Denmark, Finland, Greenland and Faeroe have a long-standing interest in ecolabelling as typified by the Nordic Swan label. As a response to the MSC initiative Norway, on behalf of the Nordic countries, made a proposal to FAO at its Committee on Fisheries (COFI) meeting in Bremen in early July 1998. That proposal was a request for 'FAO to investigate the feasibility and practicability of developing non-discriminatory, globally applicable technical guidelines for the ecolabelling of fish and fish products which should take into account *inter alia* the specific characteristics of the fisheries of each State and region.' The full text of the proposal is in Appendix III

That proposal was translated into action in the form of a Technical Consultation held in Rome in October 1998. The Consultation is described below in this section but it is interesting to dwell briefly on the Nordic Council of Ministers' policy toward this whole area of ecolabelling and the developing market trends.

Along with continuing developments of their Nordic Swan scheme the Council of Ministers has commissioned a range of studies to try and elucidate the main influences on their industries and how these can be interpreted for the benefit of their domestic producers. Many of these studies are published in the TemaNord series and are available either as hard copies or via the Nordic Council's various web sites.

One of the most recent studies is entitled 'The Nordic Fisheries in the New Consumer Era'.(see ref 7) It is a substantial piece of work so the executive summary only is included here as Appendix IV.

The report identifies the major new influences on the market potential of Nordic fish as being consumers, the media, the retail trade and various NGOs. It forecasts that food products, including fish, must increasingly be able to satisfy consumers' demands for health, quality, safety, convenience, authenticity and naturalness. These demands will also be expressed through expectations of economic sustainability and self-sufficiency, biological sustainability, resource awareness, resistance to manipulation of nature and a demand for animal welfare.

The current situation of industry is characterised as uncertainty about sustainability, over-capacity, resource wastage leading to image problems, focusing on volume not value, misunderstanding consumers' perceptions of quality, and repeating the mistakes seen in agriculture.

It points out that the Nordic countries represent about half of the total fish catches into Europe but that this is not reflected in the degree of influence that the region has on

European affairs. It concludes that in order to avoid losing influence Nordic fisheries need to work with the trends not against them. Industry should aim to meet and anticipate consumers' demands. It should define the criteria for sustainability before that is done by forces outside the sector. The key elements of a proactive strategy should be:

- taking initiatives to ensure long term biological, economic and social sustainability,
- continuing to pursue strategies for increasing efficiency, and
- reviewing marketing and providing guarantees of quality.

In attending to the detailed recommendations under each of these headings it is hoped that the sector can maintain its current position and turn around negative trends. The report warns that as long as its internal problems remain unresolved, the sector will find it difficult to act coherently and proactively *vis-a-vis* the outside world and the initiative will pass to other forces. The sector risks being reduced to a spectator's role, while agents from outside the industry dictate the conditions under which the sector must operate in the future.

As well as containing interesting analyses of current conditions this series of reports demonstrates something else - an active and lively debate about the future of a fishing industry. Industry is involved in this debate along with Government institutions and Ministers and it leads to a continuously evolving strategy for change and development.

## **6.2 The FAO Consultation**

This meeting was held in Rome on 21-23 October 1998. It was attended by about 45 national delegations as well as representatives of three inter-governmental organisations and seven international NGOs. This latter category included the MSC, WWF and the International Union for the Conservation of Nature.

The FAO Secretariat prepared excellent briefing papers for the Consultation which identified all the issues of substance that needed to be addressed.

The European Union assumed competence for all member states which gave the representative of DG XIV exclusive speaking rights. Having said that, the degree of protocol involved and the skill of the Commission's representative meant that there was no disadvantage for the national delegations.

The FAO Secretariat carefully organised the event and produced a remarkably good draft report from some rather poor debate. This is contained in Appendix III.

The most important principle agreed was that FAO could not be a party to accreditation schemes but could only consider drafting guidelines. The question of whether the process of drafting guidelines should go ahead was left to COFI to decide. Delegates could not agree on a recommendation to COFI because of a small number who resisted a decision.

There was unanimous agreement that the criteria for any ecolabelling scheme should be based on the Code of Conduct for Responsible Fishing. Most delegations also agreed that any guidelines should stress the following principles:

- they should be of a voluntary nature,
- they should be non-discriminatory and should ensure fair competition,
- there should be accountability of the promoters of the schemes and of the certifying bodies,
- there should be independent auditing and verification procedures,
- they should not disadvantage producers and exporters from developing countries,
- they must recognise the sovereign rights of States and adhere to all relevant laws and regulations,
- they should have safeguards in place to avoid the generation of perverse effects, such as the transfer of additional fishing capacity to already over-exploited resources,
- they must ensure equivalence between certified products from different sources,
- they must be based on scientific principles,
- the criteria used must be verifiable, measurable and able to be followed from capture to consumer,
- they should be practical and feasible, and
- they should meet the consumers' requirements for meaningful, reliable and adequate information.

It was stressed that any attempts by FAO to develop guidelines should take into account ongoing related work by other organisations, including the World Trade Organisation, ISO, the World Conservation Union and the Marine Stewardship Council and that there should be interaction and co-operation to ensure compatibility and to avoid duplication in efforts.

The draft report will go to the next COFI meeting in January. If COFI decide to progress the idea a panel of experts will be convened in early 1999 to start working on the guidelines.

### **6.3 Current Activities**

The Nordic Council continues to lobby on behalf of its members. They have produced some defensive material for their catching sector and have recently approached ICES in connection with ecolabelling claims. They have requested that ICES consider whether it is in a position to describe stock levels in terms of sustainability indicators. The ICES Secretariat has met in closed session in early November to consider its response.



## **7 Discussion**

The foregoing information covers a very wide range of subject matter and much of it is context-setting. Discussion of the main topic - the MSC - is difficult because its inception does bring fisheries onto genuinely new ground. It was thought most useful to set this section out as a series of questions which match the concerns that have been expressed by respondents during the last few months.

### ***What is the MSC for?***

The reasons for which the MSC were set up seem clear enough. Many of the world's previously most productive and profitable fisheries are in an unhealthy state. The prime reasons for this are fleet over-capacity and insufficiently selective fishing gear. Every authoritative source of opinion on this topic takes a roughly consistent line, differing only in fine detail. This state of affairs has developed despite increasingly sophisticated mechanisms and techniques having been developed for assessing and managing stocks. In these circumstances it seems reasonable to look for alternative methods by which to influence the impact that commercial fishing activities have on their resource base.

The logic of initiatives like the MSC is that they are seeking to harness the same economic forces that resulted in the over-exploitation of many stocks and to use them positively for a conservation benefit.

Uncertainty or ambivalence over the core purpose of the MSC should not be a problem at this stage yet still seems to be. Despite the level of detail provided in the Criteria that support the MSC's Principles their means to the end they seek are still not clear and their offer seems not to be persuasive to those whom it needs most to influence - fishermen and their associations.

As in all aspects of human behaviour motives are sometimes hard to fathom. It is clear from the MSC's publicity however that it is not *for* polarisation and increasingly entrenched positions. Its aspirations to 'bring fishworkers and policy makers together' and to 'resolve disputes peacefully' are not being realised.

### ***Is it possible to apply ecolabelling to wild capture fisheries?***

Yes it is - but. There is a fair analogy with the forestry sector here in that monoculture stands, and the single product that comes from them, are much easier to certify than mixed woodlands. So the most simple, single species fisheries are probably the easiest to treat. Some don't move much, like cockles and mussels, or form discrete stocks, like the Blackwater herring. These examples are also within a single nation's exclusive jurisdiction and are therefore managed unilaterally.

Extending this line of thought then brings in fisheries like the hake stocks in the South Atlantic, hoki from New Zealand, Alaskan salmon and king crab and some pelagic fisheries.

Certification becomes progressively more complex, difficult and expensive as:

- the mix of species increases,
- the number of vessels increases,
- more than one national fleet is involved,
- more than one jurisdiction is competent, and/or
- fisheries are high seas or on highly migratory species.

This is why staples like the North Sea demersal species are so difficult to treat. As far as is known no solutions have yet been found to the problems posed by complex fisheries.

#### ***Will ecolabelling be introduced to fisheries?***

All available evidence points to ecolabelling schemes being introduced in some form. There is an overwhelming desire for this sort of labelling on the part of the retailers who control an increasingly major part of fish sales in the UK. All trade sectors seem to be expressing an interest - Seafish has received enquiries from friers about ways in which they could introduce responsible trading practices.

From a cynical perspective there are also many persuasive and ambitious individuals who are keen to sell their services in the accreditation market place. In many areas ecolabelling seems to have reached critical mass and become institutionalised.

#### ***Will the MSC be successful?***

Success can be hard to define. In terms of the ecological and conservation aims that it sets it will not be possible to make any judgement until several years after any schemes have been in operation. Even then it would not be possible to attribute any changes to the MSC's operations unless the influence of other factors could be accommodated. This would be especially significant in the case of complex fisheries because of the potential impact of non-certified fishing effort.

It seems very likely that the MSC will continue to exist for the foreseeable future if only because it has a high profile Chairman with a good track record who will attract support for the organisation. The main areas of uncertainty over the next couple of years are probably:

- whether it can attract sufficient funding to cover the lead-in time it needs,
- whether it can maintain a demonstrable independence from sectoral interests,
- whether it can resolve the very real problems of certificating European multi-species, multi-fleet fisheries, and
- whether and when it can deliver product in significant volume onto the multiples' shelves.

***What are the main weaknesses of the MSC?***

A real difficulty during this review, and that has been evident at most of the Working Group meetings, has been a lack of clear information about progress. Three major problems threaten the MSC's credibility. These are:

- the time it is going to take to get acceptable amounts of accredited product flow,
- how to address the conflict between the UK buyers' absolute need for UK-produced wet fish and the problems typified by the North Sea fisheries, and
- how to address fishermen's concerns about how certification will be paid for.

It is accepted that there are some prospects for importing accredited fresh/frozen at sea hake, hoki and tinned salmon but these are the only fisheries that this review found were anywhere near a formal agreement with certifiers. Despite protestations to the contrary from MSC there is no evidence of any significant UK fishery that is showing any interest in the scheme. The minor inshore fisheries that have been in informal discussions with MSC and certifiers have generally baulked at the cost of the process.

Likewise with the question of 'complex' fisheries, despite persistent enquiries there is still no demonstrable progress towards even defining the units that could be certified.

These aspects are crucial to the MSC's success in the sorts of terms that it uses - the results that a system produces, not merely the system itself.

In these circumstances it would probably be more productive for stakeholders and the MSC to discuss future prospects in rather more realistic terms than has been the case hitherto. All the indications are that ecolabelling for the majority of European wild capture fisheries is a good way off yet. The UK buyers need a scheme that will deliver accredited UK-caught white fish in bulk. The commercial relevance of ecolabelling has not yet been accepted by the UK or European primary producers. There's a need for a rethink. The MSC is not going to disappear but neither is it heading for success on present showing.

***Is the MSC an accountable and democratic influence on fisheries?***

The organisation is accountable to those who care to call it to account. The structure provides the means for easy access to the decision-making process through the Working Groups. The proposed route of access to the Advisory Board through a web site will almost certainly not be attractive to many who should be more closely involved but, if that proves to be the case, it should fall into disuse or disrepute. The level of use and the identity of correspondents will need to be monitored to assess its usefulness.

The organisation is not democratic but it is not credible to argue that fisheries management is really the subject of due democratic process either. A quote often used by WWF is from Elizabeth Dowdeswell, Secretary-General of the United Nations Environment Programme, who claimed in 1995 that 'the market is replacing our democratic institutions as the key

determinants in our society'. There is increasing evidence that this is the case and that it is difficult to resist the changes taking place.

In these circumstances it is generally not possible for producers to argue a case on the strengths of rights and wrongs. It is therefore interesting to find that 'good' ecolabelling schemes are required to be equitable, transparent, accountable and accessible to all stakeholders. Given the record of some of the multiples in securing a high level of control over complete production systems this commitment to accessibility and fairness could be seen as a rare opportunity in these market-orientated times.

### ***Are there alternatives to the MSC?***

The MSC is relatively well established and there are no other contenders in the frame - yet. Also, the MSC is operating a 'third party' scheme, one that is independent of sectoral interests and where the production criteria are devised and assessed by independent accreditation companies.

It is for this reason that several of the multiples felt that they could neither devise their own (first party) certification schemes nor accept schemes like the Nordic Swan which they see as a second party scheme effectively tainted by the hand of national governments.

Given the likely lead-in time for the MSC to become properly operational there are opportunities for other organisations to enter the field. One respected consultancy is already considering whether it should carry out a feasibility study. The prospects for any alternative scheme achieving success are rooted firmly in gaining credibility with the multiples. If the MSC shows signs of starting to deliver product then all the indications are that the multiples will stick with the established operator. The MSC has a network of contacts, considerable experience in a new field and a methodology that has been derived by a comprehensive consultation process.

### ***How might the European Commission and FAO affect MSC?***

The Commission recently published a Communication on 'the future market for fish and fish products in Europe'. A large part of the paper dealt with defining and encouraging 'responsible fishing and trading practices' and this was widely believed to be some kind of a response to the MSC initiative. It offered the prospect of a legal framework of standards within which any approved labelling scheme would have to fit.

The FAO meeting, with its associated briefing papers, identified a large number of important issues and areas of difficulty that any globally applicable labelling scheme would have to address if it was to be non-discriminatory. The MSC as currently conceived could not meet several of these. If the FAO Committee on Fisheries decides to proceed with drawing up guidelines for ecolabelling schemes, and if these are eventually accepted by delegates, they could affect the MSC significantly. In this context, problem areas are likely to be the requirements that schemes:

- should be non-discriminatory and should ensure fair competition,
- should not disadvantage producers and exporters from developing countries,
- should have safeguards in place to avoid the generation of perverse effects, such as the transfer of additional fishing capacity to already over-exploited resources,
- must ensure equivalence between certified products from different sources,
- should use criteria that are verifiable and measurable,

The criteria for the guidelines are listed in section 6.2.

***What other external factors are likely to influence the direction of change?***

Future conditions are bound to change. This means that those currently occupying entrenched positions must be prepared to review their circumstances regularly. Factors that are likely to have a major influence include:

- the Commission's plans for POs and withdrawal schemes. It is intended that POs will be required to take on a new role by putting in place active fishing management plans for their members. Among the aims of this are to reduce discarding and to phase fishing effort in order to maximise catch value. POs that do not introduce such plans are likely to lose their status. This move will be strengthened by removing the withdrawal price for 'b' grades of fish. The Commission has also floated the idea of trans-national POs which would have the potential to resolve at least some of the difficulties posed by certifying complex fisheries.
- the Commission and the multiples are increasingly wanting to introduce the mechanisms to enable fish to be traced to source. This will tend to resolve some of the problems associated with ensuring a secure chain of custody.
- the multiples will keep upgrading/tightening the specifications that producers have to work to. It is already quite practicable to apply good practice principles to processing plant and to aquaculture units. Application to wild capture fisheries may pose problems but large catching units in Canada and elsewhere are starting to offer ways in which some assurances can be given.
- there are moves towards schemes that will offer ownership of resource entitlement such as ITQs. These, combined with charging for the costs of managing fisheries, would relieve governments of a number of problems. They would also be likely to have the effect of aggregating effort into a smaller number of larger fishing units which are better matched to monitoring regimes of various sorts.
- training schemes for the catching sector may start to introduce a generation of new entrants to topics like conservation and economics. These are part of the syllabus at the Canadian fisheries school at Caraquet which has been established to introduce the paradigms of the Code of Conduct for Responsible Fishing to the Canadian catching sector.

- competing suppliers may start to take initiatives that will make them relatively more attractive to UK buyers. It is clear that a strategic approach along these lines is being formulated by the Nordic producers and its aim is to achieve greater long term acceptability in the European market place.
- conservation groups, particularly but not only WWF, are committed to raising public awareness about what they perceive to be the problems inherent in the relationship between commercial fishing and the marine environment. Their strategy is long term and they have the luxury of not depending on fishing directly for an income. Logic suggests that it does not matter particularly to some of the environmental NGOs whether their activities depress retail sales by a few percentage points in the short term. If this is the leverage necessary to generate demand for ecolabelled fish then it may be used.

### ***Should the fishermen's associations engage with the MSC?***

There is an on-going debate over traceability, quality, sustainability and labelling schemes. The major buyers want to provide their customers with information that will confer some kind of environmental attributes to their products and ecolabelling offers this prospect to them. The debate will influence the future shape of the market so labelling schemes seem worth taking seriously from the producers' point of view.

The MSC does not pose a threat to the UK catching sector for two reasons. It is some way from being an active force in UK fisheries, and its credibility is fragile in present circumstances. Given:

- the long time scale involved,
- the perceived lack of accountability of the multiples' buyers,
- the assurances offered to stakeholders by well constituted labelling schemes, and
- the example of the Nordic industry,

it would seem that the UK catching sector has nothing to lose by involvement in the debate and engagement with the MSC. Engagement can be on any one of a number of levels, and need not signal any sort of endorsement of that organisation. The market is about opportunities and exploring all possible routes to an advantageous position.

From the foregoing it appears that the MSC, or related schemes, will have a future in wild capture fisheries but that the time is not yet right. The MSC is currently acting as a catalyst for change but, to operate successfully, a number of other factors will also need to fall into place. These will probably include:

- an element of fleet restructuring,
- more formal 'professionalising' of fishing as a career,
- a closer incorporation of primary producers into the food industry, and
- a revision of the current framework for managing effort and catch allocations.

## **8 Conclusions**

The Fish Forum requested that Seafish review the ownership, independence and functions of the Marine Stewardship Council, the demand for and problems associated with ecolabelling and the Nordic Council proposal. All these areas have been covered in this report.

It is hardly possible for Seafish to draw conclusions on the basis of this review because no questions were asked of it. A few observations can be made however which are consistent with the terms of reference.

- 1 The ownership of the MSC is clear.
- 2 The independence of the MSC cannot be described in absolute terms - as is the case for most organisations. It is possible to identify the main organisations and individuals who are shaping its policies, the organisation is a registered charity and its accounts have to be placed in the public domain.
- 3 The functions of the MSC are relatively clear. Some detail is obscure - probably for strategic and commercial reasons - but the ways in which it intends to operate are set out clearly in its literature.
- 4 Ecolabelling is a growing phenomenon. The ways in which its provisions can be translated to apply to wild capture fisheries are not yet proven and may take some time to establish.
- 5 The problems associated with ecolabelling have been described in the review. There are no precedents from which to predict the likely level of demand for ecolabelled fish products nor yet any indication of the price premium, if any, which such products could command.
- 6 The Nordic Council proposal translated into a Technical Consultation by FAO. This meeting was attended and reported on. It may affect significantly the progress of ecolabelling in marine fisheries.

## References

- 1 **Technical Consultation on the feasibility of developing non-discriminatory technical guidelines for eco-labelling of products from marine capture fisheries, Rome, Italy, 21-23 October 1998. Draft report. Information document reference FI:EMF/98/2**
- 2 **Baharrudin, H G and M Simula 1994 Certification schemes of all types of timber. ITTO. Cartagena de Indias.**
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- 4 **Crossley, Rachel, Carlos A. Primo Braga and Panayotis N Varangis, 1997. Is there a commercial case for tropical timber certification? In: Eco-Labelling and International Trade. Zarilli, Simonetta, Veena Jha and René Vossenaar (Eds). Macmillan Press Ltd, London.**
- 5 **Erickson, A and C S Kramer-LeBlanc. 1996. Ecolabels: the link between environmental preferences and green practices. In Caswell, Julie A and Rondal W Cotterill (Eds). Strategy and policy in the food system: emerging issues. Proceedings of NE-165 Conference, June 20-21, 1996, Washing DC (pp 195-206)**
- 6 **Kiekens, Jean-Pierre. 1997. Certification: international trends and forestry and trade implications. Environmental Strategies Europe, Bruxelles, November.**
- 7 **Burgmans, Antony 1998. Securing the future of the Seafood Industry. A Unilever perspective. A paper based on a speech given at the WWF conference 'Creating a Sea Change: resolving the global fisheries crisis', Lisbon, 15 September 1998.**

## **APPENDIX I**

**Consumer research on ecolabelling carried out by UKEB, 1996**

## **A study on consumer behaviour**

Through the 1990s, consumer research has indicated that members of the public believe environmental action to be a "good thing", that many claim to engage in recycling and energy-saving activities, but that the extent of activity they claim is higher than the evidence of official statistics. Past research has also unearthed the feeling that unless Government and industry consider the situation sufficiently serious to take clear action, anything that individual consumers do will make little impact.

In 1996, the UK Ecolabelling Board carried out a ground-breaking research project in conjunction with the Department of the Environment and the National Consumer Council, in which we sought to establish:

- a) how widespread is this feeling of powerlessness
- b) whether there are, nonetheless, groups of consumers taking action
- c) in what ways consumers who are taking things into their own hands differ from those who are not
- d) how others can be motivated to join in
- e) what place the ecolabel has in mobilising consumers.

Using as our basis a list of 19 environmental actions (e.g. recycling newspapers and magazines), we were able to distinguish five clearly different consumer groups with - rather to our surprise - little overlap of activity:-

<b>Identified consumer groups</b>	<b>Proportion of surveyed population %</b>
Young believers	17
Careful savers	19
Recyclers	19
Can Dos	19
The uncommitted	26

For the most part, our names for these groups are self-explanatory, but they are also described briefly below:

- Recyclers were committed to recycling (anti-waste mentality), but did little else;
- Careful Savers turned off switches and taps (saving money), but little else;
- Young Believers (often students) might march or campaign, but did not have householders' responsibilities or disposable income;
- The Uncommitted were apathetic or disillusioned, and did nothing.
- The Can Dos were the group committed across the board to environmental action.

This last group is therefore very interesting as a guide to devising advertising or promotions aimed at engaging the hearts and minds of other groups. Its members (almost 20% of the population, so by no means negligible) were almost the only people claiming that they regularly tailored their product purchasing to environmental needs:-

Can Dos:	70%
All others:	11%

They also recycled materials and saved energy, but less fanatically than the Recyclers and Savers respectively; thus they were not an "Ultra-Green" group, outside the consumer mainstream. Indeed, they were typical middle-class consumers, affluent, educated, concerned about food quality and labelling and convinced of the need to tackle environmental issues in relation to domestic purchases generally. These were the kinds of consumers whose concern about product quality fed the success of Which? magazine in the 1960s; there is every chance that they can spearhead the drive to effective environmental labelling in the 1990s.

The Can Dos, like other groups, complained that "there is not enough useful information on what is and isn't environmentally friendly". They were almost as likely as other groups to say that "it is very difficult to know when a product is environmentally friendly". But the Can Dos had the confidence other groups lacked, to weigh up conflicting claims and make the environmental decision for themselves. Underlying this confidence was a fundamental difference of attitude between the discouragement felt by all other groups and the buoyancy of the Can Dos: they did not feel powerless and they agreed strongly that their actions could achieve change: "I can make a difference by buying environmentally friendly products":

Can Dos:	60%
All others:	40%

Therefore there is clearly a need to give reassurance and help to the majority of consumers, who will not switch their purchasing patterns without:

- understanding and believing in the environmental information they are given,
- seeing enough top quality products and brands committed to the environmental cause to feel that they will not be alone if they do try to "do their bit"

The research found that the ecolabel used in conjunction with clear environmental information, could be a catalyst for consumers. Only 11% recognised the symbol, but once shown, its significance was immediately grasped: an environmental symbol, carrying EU authority and impartiality, the guarantee of a genuine product claim.

Using an experimental test method, purchase scenarios for actual product groups were presented, and respondents made choices between different options. Results were remarkably consistent across three product groups: washing powder, deodorants and garden fertilizers. The test showed that the greatest impact on product preference could be achieved by improved quality, followed by (almost equal) a price reduction or a combination of environmental information together with

the ecolabel - neither was so effective alone. For simplicity, the figures below are averaged across the three product fields, but differences between them were small. They show the increase in preference achieved by each of these alternative product changes:

Improved product quality	+15%
10% price reduction	+ 10%
On-pack environmental information	+3-5%
Ecolabel	+3-5%
On-pack information plus ecolabel	+ 10%

Thus the combination of the ecolabel with on-pack information from the manufacturer is much more powerful in its effect than a simple addition of the two taken separately: at this point in time, consumers demand the reassurance of both elements.

## **APPENDIX II**

**Principles and criteria for sustainable fishing:  
Revised December 1997**

# *The Marine Stewardship Council*

## Principles and Criteria for Sustainable Fishing

### Introduction

As a major renewable resource, fisheries provide protein and a livelihood for many fishers and fishing communities, and represent a valuable source of income to the fishing industry throughout the world. The responsible management of the world's fisheries for the benefit of future generations is of utmost importance. The Food and Agricultural Organisation of the United Nations suggests in their latest report on "*The State of World Fisheries and Aquaculture, 1996*" that sixty percent of the world's fish resources are in need of urgent management, and fully thirty five percent are currently over-fished. The FAO report further predicts that more than 20 million tons of fish could be added to total world landings through rehabilitation of degraded resources, exploitation of underdeveloped resources (without over-fishing them), and reduction of discards and waste.

If the marine fishing industry is to survive into the next millennium as an important source of employment and wealth as well as food, then innovative approaches are necessary. Some fishery management systems have been able to demonstrate that sustainable fisheries are possible, but they are currently a small minority. Recognising that market incentives have the potential to improve fisheries management and to turn chronic over-fishing into recovery, sustainability and economic stability, the Marine Stewardship Council (MSC) was established in 1997 to harness these incentives in such a way as to provide the fishers, processors and retailers with greater security of supply and employment than has been possible to date.

The MSC is an independent, charitable, not-for-profit, and non-governmental international organisation working to achieve sustainable marine fisheries by promoting responsible, environmentally appropriate, socially beneficial and economically viable fisheries practices, while maintaining the biological diversity, productivity and ecological processes of the marine environment.

To accomplish this, the MSC proposes a new approach to change the incentive structure so that benefits accrue to the fishers, fish processors, traders, retailers and consumers in adopting a more responsible and sustainable approach to fisheries exploitation. Sustainable fishing means the responsible exploitation of the resource that ensures its ability to continue to provide present and future benefits by maintaining high productivity and biological diversity of marine ecological communities -- accepting that fisheries intrinsically affect the abundance of the fish populations which they utilise.

At the centre of the MSC is a set of *Principles and Criteria for Sustainable Fishing* which will be used as a standard in a third party, independent and voluntary certification programme. These have been developed by means of an extensive, international consultative process through which the views of stakeholders in fisheries have been gathered from around the world. Further international consultations will take place during 1998. Following the initial round of consultations, and a series of certification test cases, a workshop took place to refine further the draft Principles and Criteria, at Airlie House Virginia, 9-11 December 1997. The twenty-five participants reviewed the information and views collected through this process and developed the attached revised draft set of Principles and Criteria. These are intended to build upon, and to complement, the existing work of international organisations and the best practices of the fishing industry.

These Principles reflect a recognition that a sustainable fishery should be based upon:

- The maintenance and re-establishment of healthy populations of targeted species;
- The maintenance of the integrity of ecosystems;
- The development and maintenance of effective fisheries management systems, taking into account all relevant biological, technological, economic, social, environmental and commercial aspects; and
- Compliance with relevant local and national local laws and standards and international understandings and agreements

**The Principles and Criteria are further designed to recognise and emphasize that management efforts are most likely to be successful in accomplishing the goals of conservation and sustainable use of marine resources when there is full cooperation among the full range of fisheries stakeholders, including those who are dependent on fishing for their food and livelihood.**

**On a voluntary basis, fisheries which conform to these Principles and Criteria will be eligible for certification by independent MSC-accredited certifiers. Fish processors, traders and retailers will be encouraged to make public commitments to purchase fish products only from certified sources. This will allow consumers to select fish products with the confidence that they come from sustainable, well managed sources. It will also benefit the fishers and the fishing industry who depend on the abundance of fish stocks, by providing market incentives to work towards sustainable practices. Fish processors, traders and retailers who buy from certified sustainable sources will in turn benefit from the assurance of continuity of future supply and hence sustainability of their own businesses.**

The MSC promotes equal access to its certification programme irrespective of the scale of the fishing operation. The implications of the size, scale, type, location and intensity of the fishery, the uniqueness of the resources and the effects on other ecosystems will be considered in every certification. The MSC further recognizes the need to observe and respect the long-term interests of people dependent on fishing for food and livelihood to the extent that it is consistent with ecological sustainability, and also the importance of fisheries management and operations being conducted in a manner consistent with established local, national, and international rules and standards as well as in compliance with the MSC Principles and Criteria.

## Preamble

The following draft Principles & Criteria are intended to guide the efforts of the Marine Stewardship Council towards the development of sustainable fisheries on a global basis. They were developed assuming that a sustainable fishery is defined, for the purposes of MSC certification, as one that is conducted in such a way that:

- it can be continued indefinitely at a reasonable level;
- it maintains and seeks to maximise, ecological health and abundance,
- it maintains the diversity, structure and function of the ecosystem on which it depends as well as the quality of its habitat, minimising the adverse effects that it causes;
- it is managed and operated in a responsible manner, in conformity with local, national and international laws and regulations;
- it maintains present and future economic and social options and benefits;
- it is conducted in a socially and economically fair and responsible manner.

The following principles represent the overarching philosophical basis for this initiative in stewardship of marine resources: the use of market forces to promote behaviour which helps achieve the goal of sustainable fisheries. The Principles form the basis for detailed Criteria which will be used to evaluate each fishery seeking certification under the MSC programme.<sup>1</sup> Although the primary focus is the ecological integrity of world fisheries, the principles also embrace the human and social elements of fisheries. Their successful implementation depends upon a system which is open, fair, based upon the best information available and which incorporates all relevant legal obligations. The certification programme in which these principles will be applied is intended to give any fishery the opportunity to demonstrate its commitment to sustainable fishing and ultimately benefit from this commitment in the market place.

## Scope

The scope of the MSC Principles and Criteria relates to marine fisheries activities up to but not beyond the point at which the fish are landed. However, MSC-accredited certifiers may be informed of serious concerns associated with post-landing practices.<sup>2</sup>

The MSC Principles and Criteria apply at this stage only to marine fishes and invertebrates (including, but not limited to shellfish, crustaceans and cephalopods). Aquaculture, freshwater fisheries, and the harvest of other species are not currently included.

Issues involving allocation of quotas and access to marine resources are considered to be beyond the scope of these Principles and Criteria.

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<sup>2</sup> Other complementary certification programmes (e.g., ISO 14000) provide opportunities for documenting and evaluating impacts of post landing activities related to fisheries products certified to MSC standards. Constructive solutions to address these concerns through appropriate measures should be sought through dialogue with certification organisations and other relevant bodies.

## **AIRLIE HOUSE REVISED DRAFT PRINCIPLES AND CRITERIA FOR SUSTAINABLE FISHING<sup>3</sup>**

### **PRINCIPLE 1:**

**A fishery must be conducted in a manner that does not lead to over-fishing or depletion of the exploited populations and, for those populations that are depleted, the fishery must be conducted in a manner that demonstrably leads to their recovery.**

### **Intent:**

The intent of this principle is to ensure that the productive capacities of resources are maintained at high levels and are not sacrificed in favour of short term interests. Thus, exploited populations would be maintained at high levels of abundance designed to retain their productivity, provide margins of safety for error and uncertainty, and restore and retain their capacities for yields over the long term.

### **Criteria:**

1. The fishery shall be conducted at catch levels that continually maintain the high productivity of the target population(s) and associated ecological community relative to its potential productivity.
2. Where the exploited populations are depleted, the fishery will be executed such that recovery and rebuilding is allowed to occur to a specified level consistent with the precautionary approach and the ability of the populations to produce long-term potential yields within a specified time frame.
3. Fishing is conducted in a manner that does not alter the age or genetic structure or sex composition to a degree that impairs reproductive capacity.

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<sup>3</sup> The sequence in which the Principles and Criteria appear does not represent a ranking of their significance, but is rather intended to provide a logical guide to certifiers when assessing a fishery. The criteria by which the MSC Principles will be implemented will be reviewed and revised as appropriate in light of relevant new information, technologies and additional consultations

**PRINCIPLE 2:**

**Fishing operations should allow for the maintenance of the structure, productivity, function and diversity of the ecosystem (including habitat and associated dependent and ecologically related species) on which the fishery depends.**

**Intent:**

The intent of this principle is to encourage the management of fisheries from an ecosystem perspective under a system designed to assess and restrain the impacts of the fishery on the ecosystem.

**Criteria:**

1. The fishery is conducted in a way that maintains natural functional relationships among species and should not lead to trophic cascades or ecosystem state changes.
2. The fishery is conducted in a manner that does not threaten biological diversity at the genetic, species or population levels and avoids or minimizes mortality of, or injuries to endangered, threatened or protected species.
3. Where exploited populations are depleted, the fishery will be executed such that recovery and rebuilding is allowed to occur to a specified level within specified time frames, consistent with the precautionary approach and considering the ability of the population to produce long-term potential yields.

**PRINCIPLE 3:**

**The fishery is subject to an effective management system that respects local, national and international laws and standards and incorporates institutional and operational frameworks that require use of the resource to be responsible and sustainable.**

**Intent:**

The intent of this principle is to ensure that there is an institutional and operational framework for implementing Principles 1 and 2, appropriate to the size and scale of the fishery.

**A. Management System Criteria:**

1. The fishery shall not be conducted under a controversial unilateral exemption to an international agreement.

The management system shall:

2. demonstrate clear long-term objectives consistent with MSC Principles and Criteria and contain a consultative process that is transparent and involves all interested and affected parties so as to consider all relevant information, including local knowledge. The impact of fishery management decisions on all those who depend on the fishery for their livelihoods, including, but not confined to subsistence, artisanal, and fishing-dependent communities shall be addressed as part of this process
3. be appropriate to the cultural context, scale and intensity of the fishery – reflecting specific objectives, incorporating operational criteria, containing procedures for implementation and a process for monitoring and evaluating performance and acting on findings;
4. observe the legal and customary rights and long term interests of people dependent on fishing for food and livelihood, in a manner consistent with ecological sustainability<sup>4</sup>;
5. incorporates an appropriate mechanism for the resolution of disputes arising within the system;
6. provide economic and social incentives that contribute to sustainable fishing and shall not operate with subsidies that contribute to unsustainable fishing;
7. act in a timely and adaptive fashion on the basis of the best available information using a precautionary approach particularly when dealing with scientific uncertainty.

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<sup>4</sup> outstanding disputes of substantial magnitude involving a significant number of interests will normally disqualify a fishery from certification.

8. incorporate a research plan – appropriate to the scale and intensity of the fishery – that addresses the information needs of management and provides for the dissemination of research results to all interested parties in a timely fashion;
9. require that periodic assessments of the biological status of the resource and impacts of the fishery; have been and are periodically conducted;
10. specify measures and strategies that demonstrably control the degree of exploitation of the resource, including, but not limited to:
  - a) setting catch levels that will maintain the target population and ecological community's high productivity relative to its potential productivity, and account for the non-target species (or size, age, sex) captured and landed in association with, or as a consequence of, fishing for target species;
  - b) identifying appropriate fishing methods that minimize adverse impacts on habitat, especially in critical or sensitive zones such as spawning and nursery areas;
  - c) providing for the recovery and rebuilding of depleted fish populations to specified levels within specified time frames;
  - d) mechanisms in place to limit or close fisheries when designated catch limits are reached;
  - e) establishing no-take zones where appropriate;
11. contains appropriate procedures for effective compliance, monitoring, control, surveillance and enforcement which ensure that established limits to exploitation are not exceeded and specifies corrective actions to be taken in the event that they are;

## B. Operational Criteria

Fishing operation shall:

12. make use of fishing gear and practices designed to avoid the capture of non-target species (and non-target size, age, and/or sex of the target species); minimize mortality of this catch where it cannot be avoided, and reduce discards of what cannot be released alive;
13. implement appropriate fishing methods designed to minimize adverse impacts on habitat, especially in critical or sensitive zones such as spawning and nursery areas;
14. not use destructive fishing practices such as fishing with poisons or explosives;
15. minimize operational waste such as lost fishing gear, oil spills, on-board spoilage of catch, etc.
16. be conducted in compliance with the fishery management system and all legal and administrative requirements; and
17. assist and cooperate with management authorities in the collection of catch, discard, and other information of importance to effective management of the resources and the fishery.

## **APPENDIX III**

**Technical consultation on the feasibility of developing  
non-discriminatory technical guidelines for ecolabelling  
of products from marine capture fisheries**

**Draft Report**



# **TECHNICAL CONSULTATION ON THE FEASIBILITY OF DEVELOPING NON-DISCRIMINATORY TECHNICAL GUIDELINES FOR ECO-LABELLING OF PRODUCTS FROM MARINE CAPTURE FISHERIES**

**Rome, Italy, 21-23 October 1998**

## **DRAFT REPORT**

### **OPENING OF THE MEETING AND ARRANGEMENTS FOR THE SESSION**

1. The Technical Consultation on the Feasibility of Developing Non-discriminatory Technical Guidelines for Eco-Labelling of Products from Marine Capture Fisheries was held in Rome, Italy, from 21 to 23 October 1998. It was attended by ... Members of FAO, as well as observers from three intergovernmental organizations and seven international non-governmental organizations.
2. The list of delegates and observers is given in Appendix B. The documents which were before the Technical Consultation are listed in Appendix C.
3. The meeting was called to order by Mr. M. Hayashi, Assistant Director-General, Fisheries Department, who delivered the opening statement. The text of this statement is reproduced in Appendix D.
4. When calling for nominations for Chairperson, Vice-Chairperson and Rapporteur, Mr. Hayashi suggested that in view of the short duration of the meeting, the Consultation proceed without a Rapporteur and that the report be drafted by the Secretariat. It would be submitted to the Consultation for adoption on 23 October 1998. The proposal was accepted.

5. Responding to the request for nominations for Chairperson and Vice-Chairperson, Mr. Mohamed Said Mohamed Ali Harbi, Chairperson of the Group of 77, informed the meeting that he had had consultations with the Ambassador of Germany to FAO as Chairperson of the Group of OECD countries and reached agreement that the Officers of the Sixth Session of the COFI Sub-Committee on Fish Trade held in Bremen, Germany (June 1998), should serve in the same capacity at this Technical Consultation. The Technical Consultation accepted the proposal and thus elected Mr. Osman Mohamed Saeed (Sudan) as Chairperson and Ms. Jane Willing (New Zealand) as Vice-Chairperson.

4.

6. The delegate of Spain registered a formal protest against making the documents in Spanish available considerably later than the English version, which consequently put those who had to rely on the Spanish version in a disadvantageous position with regard to time available for preparing for the meeting. The delegate of Spain requested that in future the usual practice of making all language versions available at the same time be followed so that all delegations may be treated equally.

7. The agenda shown in Appendix A was adopted by the Technical Consultation.

**FEASIBILITY AND PRACTICABILITY OF DEVELOPING GLOBALLY  
APPLICABLE, NON-DISCRIMINATORY TECHNICAL GUIDELINES FOR ECO-  
LABELLING PRODUCTS FROM MARINE CAPTURE FISHERIES**

8. The Secretariat introduced document FI:EMF/98/2 addressing this agenda item. In response to this, the Chairperson highlighted the following:

- the linkages with other international instruments;
- the process by which eco-labelling would be undertaken;
- the need to ensure that it did not introduce technical barriers to trade; and
- the need to ensure that any guidelines that were developed by FAO should incorporate and enhance the interests of developing countries.

9. It was recognized that there was already considerable interest in some countries which constitute important markets in eco-labelling marine products. This interest had led to the establishment of one eco-certification scheme and further such initiatives were anticipated. The approaches governments could pursue were either to leave these developments to private initiatives or to play a proactive role in setting up global guidelines for any eco-certification scheme applying to products from marine capture fisheries. It was widely recognized that developing such guidelines would be a complex task which would need to be undertaken in a step-by-step manner. The time-frame for development should take into account the need for governments to consult with their fishing industries and other stakeholders.

10. There was unanimous agreement that the criteria for eco-labelling should be based upon the Code of Conduct for Responsible Fisheries and that all relevant paragraphs of the Code should be encompassed by the guidelines. There was also widespread agreement that, if guidelines were to be developed, they should stress the following principles for eco-labelling schemes for products from marine capture fisheries:

- they should be of a voluntary nature;
- they should be non-discriminatory and should ensure fair competition;
- there should be accountability of the promoters of the schemes and of the certifying bodies;
- there should be independent auditing and verification procedures;
- they should not disadvantage producers and exporters from developing countries;
- they must recognize the sovereign rights of States and adhere to all relevant laws and regulations;
- they should have safeguards in place to avoid the generation of perverse effects, such as the transfer of additional fishing capacity to already over-exploited resources;
- they must ensure equivalence between certified products from different sources;
- they must be based on scientific principles;
- the criteria used must be verifiable, measurable and able to be followed from capture to consumer;
- they should be practical and feasible;

- they should meet the consumers' requirement for meaningful, reliable and adequate information.

11. It was stressed that any attempts by FAO to develop guidelines should take into account on-going related work by other organizations, including the World Trade Organization (WTO), the International Organization for Standardization (ISO), the World Conservation Union (IUCN), and the Marine Stewardship Council (MSC), and that there should be interaction and cooperation in order to ensure compatibility and to avoid duplication in efforts. It was also suggested that in developing the guidelines the procedures adopted by the Codex Alimentarius Commission could be considered.

12. There was considerable debate as to whether eco-certification should set out to certify the management process, certifying that all the procedures necessary for effective management were in place, or the outcome of the management process, certifying that whatever management procedures were used, the fishery was conducted in a responsible manner. It was suggested that the concerns of consumers were more often related to the status of the resource than to the management process as such. In this connection, it was stated that any responsible management process must encompass a review procedure which monitored the results of its implementation. Many delegates indicated that consideration of the two approaches would probably be required in eco-certification.

13. While there was widespread agreement that biological and conservation objectives are fundamental to eco-certification, some delegates thought that social and economic criteria should also be considered. In this context, a concern was expressed by several delegations that social and economic objectives in a fishery were a matter of national policy and that a private eco-certification scheme could not prescribe management policy to States nor infringe upon their sovereign rights.

14. It was suggested that consideration needed to be given to the costs and benefits of eco-certification and whether there would be real net gains to fisheries through eco-certification or whether it would just add to the transaction costs of fisheries. The impact of eco-certification on domestic food security also needed to be considered.

15. The role of eco-certification schemes was discussed. It was stated the eco-certification would be undertaken, probably by private bodies, and would be designed to inform the consumer that the product being purchased met with clearly defined criteria related to sustainable and responsible fisheries. Certain significant segments of consumer markets may choose to purchase marine fish products certified in this way. Any country or fisher organization could decide for itself whether it wished to attempt to supply this particular market segment through production of fish that met the criteria for eco-certification. Therefore, an eco-certification system would be voluntary, market-driven and could offer enhanced market opportunities.

16. The concern of several countries was whether an eco-certification scheme could lead to barriers to trade. This concern was particularly expressed by delegates from many developing countries who stated that the nature of their fisheries and limitations in management capacity could impede their ability to meet criteria for eco-certification. They could therefore be at risk of being excluded from important markets. It was suggested that the best method of ensuring that any eco-certification scheme did not lead to trade barriers was to develop the criteria for the scheme in an open and transparent manner.

17. The need to take regional and national differences into account in eco-certification was stressed and the difficulties of eco-certification in fisheries dominated by small-scale fishers was emphasized. It was also pointed out that the requirements of consumers differed from region to region and that this would affect the nature of eco-certification schemes in different parts of the world.

18. It was emphasized that, in keeping with Article 5 of the Code of Conduct for Responsible Fisheries, if FAO did develop guidelines for eco-certification, the process should be accompanied by both financial and technical assistance for developing countries to build the capacity necessary to participate in and benefit from eco-certification systems.

19. There was unanimity that eco-certification schemes could not be the primary instrument for achieving sustainable marine fisheries. It was pointed out that considerable

progress had been made in implementing the Code in many countries and that such efforts were continuing. However, the international community, including consumers, was generally unaware of this progress, particularly in developing countries, and it was beyond their resources to publicise the progress they had made. It was therefore agreed that the successes of developing countries needed to be more widely publicized, which goal could be pursued in parallel to the drafting of guidelines.

20. The majority of delegates stated that FAO was the most appropriate entity to develop technical guidelines that would serve as an over-arching framework under which eco-labelling programmes could be developed in an orderly and harmonious manner. Such framework would contribute to the avoidance of potential consumer confusion which might be the result of the occurrence of manifold and competing eco-labelling schemes based on diverse certification criteria. However, in view of the fact that some delegations could not express a definite position on whether FAO was the most appropriate forum for the development of such guidelines, the Consultation agreed that no unanimous recommendation on this matter could be transmitted to COFI.

## **CONTENTS AND FORMAT OF TECHNICAL GUIDELINES**

21. In introducing document FI:EMF/98/3, the Secretariat emphasized that what was required by the Consultation under this agenda item was not the drafting of the guidelines as such but the identification of all pertinent items which would need to be covered in them. The Consultation took note of the document prepared by the Secretariat but did not elaborate further on its contents. Several delegations expressed the view that it represented a working paper.

22. It was observed that document FI:EMF/98/3 highlighted a number of difficult and unresolved issues, such as the need to consider how to address multi-species resources in eco-certification and what constitutes a stock. The institutional structures required for eco-certification were also pointed out as an unresolved issue. It was stated that these and other similar examples demonstrated the need for a gradual approach to developing guidelines.

23. It was suggested that if guidelines were to be developed, they should aim to provide globally applicable minimum criteria to be included in any eco-certification scheme. These minimum criteria would then serve as a reference for the elaboration of detailed criteria needed for specific eco-certification schemes. There was unanimity that FAO would have no role to play in the implementation of any scheme. It was also recognized that the guidelines would need to consider the process by which eco-certification would be undertaken.

24. There was agreement that FAO should continue examining the feasibility of developing technical guidelines, particularly with regard to the economic and legal feasibility and desirability of developing guidelines. In future discussions issues of feasibility and contents of guidelines should not be dealt with separately.

#### **PROCEDURE FOR THE ELABORATION OF TECHNICAL GUIDELINES**

25. The Technical Consultation agreed that if the Committee on Fisheries (COFI) decided that FAO should prepare technical guidelines, the process of the drafting of the Code of Conduct for Responsible Fisheries should be followed, and they should be voluntary. The timeframe given in FI:EMF/98/4 was subject to later adjustments.

#### **ADOPTION OF THE REPORT**

26. The report of the Technical Consultation was adopted on 23 October 1998.

## **APPENDIX IV**

### **The Nordic Fisheries in the New Consumer Era Challenges ahead for the Nordic Fisheries Sector**

# **The Nordic Fisheries in the New Consumer Era**

## **Challenges ahead for the Nordic Fisheries Sector**

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## **Preface**

This report describes the new market reality of the Nordic fisheries sector. It is a reality characterized increasingly by the agents outside the fisheries sector who are setting the agenda and dictating the sector's conditions of existence.

This poses a threat to the Nordic fisheries because they risk losing influence on the competitive environment in which they operate. The new market reality, however, also presents possibilities. If the fisheries sector pays attention to the signals of the outside world, interprets them properly and uses them proactively in its marketing efforts, the signals of change could turn out advantageous for the sector.

One precondition for this is that the agents in the Nordic fisheries are familiar with and open to these signals. The present report should be seen as an initiative in that direction. It is an attempt at mapping the coming demands of the market, and at revealing the possible consequences these demands may bring for the Nordic fisheries sector. Subsequently, the report makes an analysis of the internal problems related to the fisheries in order to understand why the sector is unable to respond in a coordinated and proactive way to the demands and future needs of its markets. Finally, the report lists an array of strategies which could enable the Nordic fisheries sector to take advantage of future market trends, rather viewing them as a threat.

The report, intended as a catalyst for further debate, is written by Mandag Morgen Micronews for the 1998 spring meeting of The Nordic Council of Ministers. Mandag Morgen claims sole responsibility for the analysis and the conclusions. The analysis is made by project manager Christian Toksvig, and analysts Anja Schmuhl and Jacob Rosenkrands, in co-operation with Jesper Heldbo, fisheries advisor to The Nordic Council of Ministers.

Copenhagen, 24 March 1998

Tomas Jørgensen  
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# The Nordic Fisheries in the New Consumer Era

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# **The Nordic Fisheries in the New Consumer Era**

## **Challenges ahead for the Nordic Fisheries Sector**

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## **Chapter 1: Executive summary**

The competitive environment of the fisheries sector is increasingly determined by factors that lie outside the sector's sphere of control. This presents a great challenge to the sector which may risk losing influence on its own development.

The requirements for being at the cutting edge of market developments are getting ever stronger. The importance of being attentive to customers' needs is becoming more visible. But the actors within the Nordic fisheries have typically focused elsewhere.

For many years the debate in the sector has been introspective and based on the sector's internal affairs. The debate has concentrated on the allocation of quota and securing economic growth in the industry. Focus has been on the conditions of production rather than on the signals from the market.

After more than twenty years of debate and initiatives for managing the resource and securing continuous economic development, a range of major unsolved problems remain. These problems eclipse the new agendas on the market. The result is that Nordic fisheries may very well risk losing pace with the needs, wishes, and values of the market.

As long as the internal problems remain unresolved, the sector will find it difficult to act coherently and proactively vis-à-vis the outside world. By not reacting proactively to the signals from the surroundings, the initiative is passed on to other forces. Thus, the sector risks being reduced to the spectator's role, while agents from outside the industry dictate the conditions under which the sector must operate in the future.

The new agents on the markets are among others, the consumers, the media, the retail trade, and various NGOs. Their individual agendas are noticeably different from the one prevailing internally in the sector.

*Consumers today set several new and tough demands for the food they eat, and hence also for fish products. The key-words are health, quality, safety, convenience, and naturalness. These demands reflect global consumer trends which affect the food industry in most of the world.*

*Moreover, consumers place a range of new demands on the fisheries sector as manager of our common resource. Sustainability is no longer a topic that is only discussed inside the fisheries sector. Consumers, too, have an opinion on how to define sustainability, and the opinion is being expressed ever more vigorously. This likewise is the result of global trends.*

*The retail trade as well as the media interpret and further enhance the demands of the consumers. These demands are supplied with initiatives taken by a number of media-experienced NGOs. For Europe's biggest food retailers there are competitive advantages to be realised from advocating consumer standpoints. They make demands on behalf of the consumers to suppliers and producers about what fish should be sold, and also according to what principles the fish*

should be caught. The media is also keen to see things from the side of the consumers. Consumer topics are good topics, and there are many examples of how the media have made consumers and politicians panic when exposing food-related stories. Even though the demands made by the consumers are often irrational and contradictory they become very effective when placed on the media agenda, and when translated into concrete demands by the big retail chains to their purveyors.

The new demands made by the consumers form the backbone of the new market reality. Their demands are placed on the agenda by the media, the retail trade, the politicians, and the consumers themselves. Together, these actors are gaining ever more influence on the conditions of the fisheries.

The Nordic fisheries sector in general has a favourable basis when it comes to meeting the demands of the consumers, and thus for turning current consumer trends into a competitive advantage. But a strategic turn-around is not happening at present. The sector is generally too passive, and at times, acting in direct opposition to the trends. The unsolved internal problems of the sector seem to have curbed any forward action. Thus, the control over the sector's conditions is left to outside forces such as retailers and private certification initiatives like The Marine Stewardship Council. This leads to the fisheries sector losing momentum in vital areas, and it may prove difficult for the sector to regain the initiative.

The result is that the Nordic fisheries sector is being stripped of a competitive advantage. Moreover, the gap between the sector and the outside world has widened to an inappropriate distance. Without a constructive dialogue with the opinion makers there is a significant risk of being even more exposed to misunderstandings and criticism.

Seen from the outside, the fisheries sector is nearing the same slide where the agriculture sector has been in past years, namely that of an industry faced with constant criticism from the consumers, the media, the retail trade, and the politicians. A sector constantly on the defensive, having lost the trust of the outside world. In the agriculture as well the fishery sector, the past years have seen a single-minded commitment to reducing costs, increasing efficiency and productivity for the benefit of producers rather than focussing on what the consumers demand: Quality in the products and sustainability in the production process.

This is the time to start thinking proactively if the experience of the agriculture sector are not to be repeated. It is a case of dictating the norms instead of having them dictated by others. To set up the frame for defining such concepts as sustainability and quality rather than having the conditions of production dictated by perhaps irrational and emotional trends of the outside world. This report is conceived as a step in that direction.

### **Future demands for fish as a product**

The modern consumers make many demands for their food, including fish. These demands reflect global consumer trends:

- **Demand for health:** Consumers all over the world are increasingly concerned about the food they eat: Is healthy or unhealthy? More and more people recognise that there is a connection between food and health, and that the welfare diseases of the Western world are often rooted in nutrition. Fish present a good starting point: It *is* healthy. And everyone knows it is healthy. We have been brought up with this knowledge. Still, for a number of reasons, many people opt out of eating fish. Subsequently, other parts of the food industry are profiting disproportionately from the current health trend.

- **Demand for quality:** Quality is a key-word for modern consumers. This is also the case among fish producers. But they are not talking about the same thing. For producers quality is a matter of control and safety in production, and also about being able to blame others if something goes wrong after all. For the consumers the concept covers something more. Quality in their perception is subjective and is seen as a combination of taste, appearance, freshness, naturalness, luxury, joy, and experiences. These parameters are far more difficult to define and control but they are the ones in demand. Present-day consumers want better quality for the same money. Fish products could easily live up to these requirements but this opportunity is far from being explored sufficiently today.
- **Demand for safety:** Food safety is one of the biggest concerns of the European consumers. Consumers realise that everything they put into their mouths contains a risk and that they have to be alert. Most of the serious problems, however, stem from agricultural products such as pork, beef and poultry. This should make it possible to fit fishery products into the current trend. Apart from shellfish, fish is a very safe product. Unfortunately, it is not always considered as such. Fish that is not fresh is considered to be dangerous by the consumer, and the entire sector suffers each time there is a case of shellfish poisoning or a batch of bad fish erroneously reaches retail shelves. Instead of presenting fish as a safe product, the sector typically ends up defending why something went wrong. In doing so, the sector fails to use what is possibly the strongest consumer trend in recent times.
- **Demand for convenience:** Traditional eating habits are smouldering. Food nowadays has to be quick and easy. This is a general trend which is further testified by the fact that many people choose non-domestic eating regularly. This development looks promising for ready-to-eat food and the catering business. It looks less promising for fresh fish which by many is seen as a slow and complicated product. The challenges for future marketing of fishery products are therefore considerable: apart from high quality, health and safety, the consumer also demands that fish should be easy to buy and eat - even if these conditions are often contradictory.
- **Demand for authenticity and naturalness:** Consumers are increasingly asking for authentic food, that is, food free of medicine, genetical manipulation, or without too many additives. Consumers are enthusiastic about anything natural and ecological. At the same time criticism of manipulated products is getting stronger. The heavily industrialised agricultural production is today regarded as being the main reason for the decline in food safety and quality. Again, fish has a potentially strong starting position in relation to demands made by the market: Fish is ecological and a wild resource taken directly from the sea. But for how long? When the consumer realises that fish is increasingly farmed and produced by industrial methods, similar to those used in agriculture, a strong reaction is bound to come.

As a whole, these five trends draw a picture of a market potential which is far from being utilised. In spite of the evident advantages that fish has as a product, there are still too many good excuses for the consumer not to buy it. The consumers show too many mental barriers to the product. And the passivity of the sector itself is too big when it comes to utilising the consumer trends in marketing. Instead, the sector is sometimes seen to work directly against the trends of the market.

### **Future demands for the Nordic fisheries sector**

Modern consumers are also making demands for the way the fisheries is looking after the resources. This is expressed through the following trends on the market:

- **Demand for economic sustainability:** In line with the general trend of liberalisation,

the food producers are often faced with demands for being economically sustainable. This means self-supporting without subsidies. Possible future subsidies may be hinged on considerations for aspects such as the environment. This, among others, is one of the results of the increased pressure by the consumer who questions whether tax payers' money are well spent subsidising fishermen. This perception, in turn, depends on how the industry acts towards society's general economic and environmental issues - that is, environmental and social responsibility is the least to be expected from a trade that is supported by public funds.

- **Demand for biological sustainability:** The extinction of numerous animal and plant species is a case of concern for people in countries all over the world. There is an increasing public awareness regarding the industries that harvest Earth's resources. There is a persistent demand for them to do so in a way which shows consideration for future generations, bio-systems, and the environment. Although almost everyone in the Nordic fisheries sector agrees that today's fisheries is biologically sustainable, this view is not shared by the public. In the eyes of consumers fish is an endangered natural resource. The UN organisation for food and agriculture, FAO, backs up this perception with dismal figures which confirm the existence of considerable sustainability problems in the Nordic fisheries. Sustainability is a question of who you trust. More than ever there is a need for reliable external communication.
- **Demand for resource awareness:** Consumers have on the whole become more resource conscious. This is a result of the recognition that energy and raw materials are scarce resources, and that the ecosystem is unable to decompose all the waste from human production by itself. There is focus on recycling and resource efficiency in production. Waste and unnecessary use of energy cause indignation. Discard of fish into the sea is of course unacceptable. Especially, because it frequently takes place as a result of quota systems which in fact were designed to limit the overexploitation of the sea. The use of energy in various catch methods is also likely to be examined in a very critical light in the future.
- **Resistance to manipulation of nature:** Genetical manipulation of food is often met with broad resistance from consumers. The main fear is that the creation of artificial animals and plants will lead to a fatal intervention into the order of nature. The general impression is that the genetical manipulation takes place not to serve the public's interest but to maximise the profit of the industry and make its production more efficient. This further enhances the growing mistrust of the food producers. Fish farming increasingly encounters the same sceptical attitude and is seen as an initiative which runs contrary to the general consumer trends.
- **Demand for animal welfare:** Animal welfare is a clear trend in time. The consumers are increasingly interested in how the animals were treated before they ended up in the supermarkets. This trend is reflected in the retail trade's demand for free-range pigs, the debate about battery hens and the transportation of calves over long distances. As yet, the fisheries sector has not been affected seriously which, however, should not induce passivity. A topic such as by-catch could become a case with the political consumers and the press.

Sustainability is no longer a topic which is only discussed internally in the fishing sector between biologists, fishermen and administrators. The public will increasingly make its voice heard on this matter. In this way, light will be shed on the fisheries sector from the outside, and consumers, the retail trade, the media, and politicians will each offer their definition of sustainability in the fishing sector.

All these external powers will develop an ever more critical stand. And they will feel entitled to do so. The fisheries sector is the keeper of our common resource - a concession the sector has attained for free. The public will therefore increasingly make demands for the management of these resources. Especially if it is to exist on public subsidies.

## Current problems in the Nordic fisheries

The increased public attention to such topics as food safety, quality, sustainability and manipulation lay bare a range of hitherto unsolved problems in the fisheries which may now be exposed to public intervention by consumers, the media, and the politicians. The fishing sector can therefore no longer be sure to debate its internal problems without external interference. The main problems are:

- **Uncertainty about the sustainability of the Nordic fisheries:** In spite of 25 years of attempts to limit the catching capacity, the sector has still not reached the point where the fisheries can be declared responsible and in harmony with nature's yield capacity. Even though there is widespread consensus in the Nordic sector that the fisheries are biologically sustainable this assumption is not convincingly supported by facts. Biologists even imply that their advice is becoming increasingly inaccurate due to "black fish landings" and under-reporting of catches. These recognitions appear at a time when it is more important than ever to communicate a message of sustainability to consumers.
- **Overcapacity in catches is a constant threat to sustainability:** The problem with overcapacity is evident and acknowledged in most Nordic countries, and so is the lack of will to do something about it, both politically and internally in the sector. If capacity is cut down it will typically also lead to a fall in the number of fishermen and jobs on shore. This has so far been unacceptable for most of the countries involved.
- **Resource waste caused by the fisheries has created an image problem:** Seen from the outside it is very difficult to sympathise with the economic and social problems of the fisheries while the industry is wasting natural resources. Discard presents the most grave problem in this regard. The situation is not made easier by the fact that the quota system intended to protect the limited resources actually contributes to the increase in discard. Discarding as such may not be a tremendous problem biologically but in terms of PR-value it is a bomb under the fisheries sector.
- **The fisheries sector focuses on volume rather than value:** The fisheries sector is organised so as to maximise the profit for the fishermen rather than meet consumer demands. This is seen for instance in the auction system which in many countries does not differentiate between good and bad fish; the fishermen who seek to maximise volumes rather than values of catches; and the sale of a majority of the Nordic fish production as frozen bulk goods at low prices and low margins. The use of fishery products in Europe is generally on the increase whereas prices are falling.
- **The fishery sector and the consumers define quality differently:** To the producer quality is synonymous with safety, and the assessment of quality is based on technically objective criteria. To the consumer safety is a minimum demand. Quality is much more. The focus of the fishery sector on safety is appropriate but it is far from enough to satisfy consumer demands for quality in a broad - and subjective - sense.
- **Is the fisheries sector repeating the mistakes seen in agriculture?** The fisheries sector could be heading for a repetition of the mistakes made in the agri-business. As with the food sector on land, the fishery sector often pursues a cost-focusing strategy which in the long run means that the trade is going to lose touch with the market and the consumers' idea of quality. The lack of understanding has led the industry on a wrong track in relation to the demands made for food today. Fish is one of the most promising types of food for the future due to its superior ecology and health characters. But these natural capacities are endangered in the eyes of the consumer the more the fisheries is inclined to industrial production and artificial breeding. The fishing industry is not yet the objective of a similar protest wave that hit the agricultural industry. The fisheries sector, however, is busy making the same mistakes.

The problems mentioned in the above pose a major challenge to the fisheries in all the

Nordic countries. At the same time there are considerable differences between the countries, and the problems with which they have to deal are therefore of varying relevance. The consumer trends which have ensured that the problems are now brought to the public's attention are globally founded and consequently need to be considered by the agents in the Nordic fisheries.

### **The need for a proactive strategy**

Many of the issues mentioned here are not new. What is new is that consumers have started to take an interest in these problems. To voice their opinion. And the consumers are simultaneously increasing their influence on the conditions of production in the fisheries through the media (and its influence on the politicians), the retail trade, and the support of various NGOs. This forces the Nordic fisheries to shift their focus from the production to the market. The new attention of the consumers should be taken seriously. Also when it is expressed in an irrational and emotional way. The effect will not fail to show in the end.

The threat against the fisheries sector lies in the danger of being subjected to administration by powers outside the control of the sector - a situation which is becoming reality with the formation of the private certification of sustainable fisheries by The Marine Stewardship Council (MSC). All the agents in the fisheries express unreserved doubt about this organisation but the fact remains that more and more European retail chains are behind the initiative which so far has no likely alternative competitors. The MSC is now on its way to becoming the standard in the trade, whether this be advantageous or not for the Nordic fisheries. The consumer is indifferent to the sector's sceptical stand since it never reaches the cold counters of the supermarkets where the initiative is being tested.

In order to avoid losing influence the fisheries need to work with the trends instead of against them. The sector should aim at meeting the consumers' demands - or if possible even try to anticipate their demands. It should define the criteria for sustainability itself before it is being done outside the sector. It should promote good product quality instead of merely focusing on quality in the process. It is a question of being proactive.

- **The sector needs to take an initiative to ensure long term biological, economic, and social sustainability.** This implies taking initiatives towards:

- Strengthening the administrative regimes of the fisheries.
- Setting higher sustainability demands for sourcing in other countries.
- Preventing by-catch and discard.
- Reducing the dependency on aquaculture.

- **The sector must continue to pursue strategies for increasing efficiency in processes.** This has so far been the fishing sector's own area of focus. But there are room for new initiatives which focus on:

- Increased value-added in the industry which can secure profit in a situation with decreasing resources.
- Improvements in production must occur at the expense of quality. Product quality must drop no further if fishery products are to meet the demands of the consumers in the future.

- **The sector needs to review its marketing and provide guarantees for quality.** The marketing of fish should be directed by consumer demands and should aim at making use of the product's favourable potential. Marketing efforts should focus on:
  - Branded rather than generic products.
  - New marketing parameters.

## **Fish as a healthy and convenient everyday food.**

Labelling must provide guarantees and security for the consumers. The consumers want more information but the fishing sector does not at present possess a reliable medium for communicating information about quality and sustainability to consumers. It can be established though, among other things, through increased product traceability.

In order to implement the proactive strategy the agents within the Nordic fishery sector have to receive the signals from their environment and make the appropriate interpretation. This calls for a change in attitude and a different perspective than the one which has prevailed in the sector until now. The attention in the sector has to be turned away from production to the future demands and needs of the outside world.

## **Fish as food for the future?**

The Nordic countries represent around half of the total fish catches in Europe. But the region's influence on the European fishery policy does not correspond to that level. The fishery policy of the EU will undergo a major revision in four years from now. This may be the chance for the Nordic countries to demonstrate to the other European countries that sustainability, efficiency and quality can indeed walk hand in hand. The present fishery policy of the EU seems to have failed to achieve more efficient and sustainable fisheries. The Nordic countries are - their own problems notwithstanding - much further advanced than the majority of their fellow European countries in their recognition that the fishery sector is entering a new era. Hence, it would be obvious for the Nordic countries to take the initiative for setting up a new and sustainable basis for the EU-fisheries.

Fish as a product has the possibility to become the commodity for the future. It is up to the fishery sector to make it happen.

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