



Technical note

Really sustainable? Inherent risks of eco-labeling in fisheries

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ABSTRACT

In recent years, there has been a proliferation in environmental, market-based product certification schemes. Typically, certifying bodies provide labels that assure that the products have been extracted or produced using environmentally (and sometimes socially) responsible practices. Ideally, consumers can then make informed choices and select certified products over non-certified. We discuss the advantages as well as the limitations associated with such market-based certification systems drawing on three case studies of Marine Stewardship Council (MSC) certification: the Alaska Pollock Fishery, the Faroe Islands' Saithe Fishery, and the Australian Northern Prawn Fishery. Based on our cases, a key indication is that incentives generated by market forces create a risk of certification schemes making questionable claims in order to increase and retain market shares. Monopolization of the concept of sustainability is an important additional issue. Experience from the MSC demonstrates that standardization of what is considered sustainable creates a monopoly-like situation. This produces a difficult situation for those who are least able to respond to new market requirements as well as those who respond to calls for sustainability in different ways compared to those that have received the approval of a few, large certification schemes such as the MSC.

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1. Introduction

In 1995 Elizabeth Dowdeswell, the then Secretary-General of the United Nations Environment Program, stated that “*the market is replacing our democratic institutions as the key determinant in our society*” (Dowdeswell, 1995). Two decades later, her words ring true and—irrespective of the recent international economic crisis—the market seems more powerful than ever.

The rise of a market economy has also had an impact on natural resource management. In short, in fisheries, the advance of the free market incentivized and gave rise to capital intensive and efficient practices through a push for technological advancements and industrial mode fisheries (Jacquet, 2009). This resulted predominantly in national strategies focusing almost exclusively on large-scale fisheries and a need for an increase in fishing effort and capacity (Carvalho et al., 2011). The end-result has in some countries been the establishment of *de facto* private ownership over future fishing opportunities and the establishment of markets where individual transferable fishing quotas (so-called ITQs)

can be traded to optimize efficiency (Grafton, 1996; Macinko and Bromley, 2004; Andersen et al., 2010).

According to the United Nations Food and Agriculture Organization (FAO, 2014), the proportion of assessed marine fish stocks fished within biologically sustainable limits declined from 90% in 1974 to 71.2% in 2011, and there are studies which suggest that these trends are even more pronounced (Froese et al., 2012). According to the same FAO report, almost one third of fish stocks are estimated to be overfished, 61.3% fully fished and 9.9% underfished. As international organizations and national governments have failed to deliver sound fisheries management, various schemes for sustainability labels have been put in place with the intention of giving buyers of fish products the choice to opt for a certified sustainable product (Roheim, 2003). Today, the most important of these is the label administered by the Marine Stewardship Council (MSC), which was founded in 1997 to provide fisheries operators with an economic incentive to improve their management and ecological sustainability (Ward and Phillips, 2009).

Many private governance schemes—including transnational eco-labeling schemes—have emerged because of lacking or insufficient international regulation, something which has allowed private actors to increase their impact on international governance (Pattberg, 2005). Examples of issues covered by transnational certification labels include forestry (e.g. Forest Stewardship Council (FSC)); fisheries (e.g. MSC); coffee, tea, cocoa and cotton

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(e.g. Fairtrade); and food production (e.g. Food Alliance and various organic labels). Besides third party certification programs run by private entities, state-run programs have also been put in place; these tend, however, to be associated primarily with individual countries, though the European Union (EU) is increasingly administering such schemes, providing a different example.

The idea behind this approach, which can be termed non-state, market-driven (NSMD) governance (Cashore, 2002), is that progress toward sustainability will result from market incentives and involves an evaluation on the part of those audiences the NMSD system seek to satisfy, such as science experts and environmental groups (Cashore, 2002). In itself, impacts of buying behavior do not appear to provide a convincing explanation for the emergence and spreading of eco-labeling schemes. Rather, their proliferation seems a result of retail chain promotions and their commitment to 'sustainability', helping them to gain more market access and popularity (Gulbrandsen, 2006).

The objective of this article is to explore inherent risks of eco-labels, particularly those of the MSC label. Eco-labels promise to allow consumers to contribute to a more sustainable world but is this always the case? Based on literature and three case studies of MSC certified fisheries, we present and discuss multiple issues that arise from market-based initiatives such as the MSC. Finally, we offer some suggestions for what labelers, retailers, and consumers could do to further support sustainable fishing practices.

2. Methodology

The MSC certified fisheries considered in this article include the Bering Sea and Aleutian Islands Alaska Pollock (*Pollachius pollachius*) Fishery, the Faroe Islands Saithe (*Pollachius virens*) Fishery (as part of the Faroe Plateau mixed demersal fishery, which also targets cod (*Gadus morhua*) and haddock (*Melanogrammus aeglefinus*)), and the Australian Northern Prawn Fishery¹ (Hopkins et al., 2013a,b; Hadjimichael et al., 2013a). The cases were selected for the EU research project MYFISH (www.myfishproject.eu) to provide varying perspectives on innovative approaches to fisheries management from outside the European Union. The strength of the selection of case in relation to the topic of this article relates to the differences between the three fisheries. The current article is explorative in nature and the selection of cases provides perspectives from smaller and larger MSC certified fisheries, from various regions of the planet, and from fisheries certified early as well as fisheries certified recently. The limited number of cases means that our findings must, nonetheless, be considered indicative and further research seems warranted to be able to draw 'hard' conclusions.

For each case, we carried out a series of semi-structured interviews (average length of roughly one hour, recorded and transcribed) with stakeholders, including fisheries sector representatives and representatives from environmental and other non-governmental organizations (NGO), fisheries managers and ecologists/biologists associated with the fishery. The interviews, which were held either with individuals or smaller groups of two to five, were guided by a list of partly standardized, partly case-specific themes and questions addressing a range of governance-related topics.

The questions were prepared in conjunction with substantial literature reviews for each case including publications from the MSC. The majority of questions centered on the challenges faced

¹ The fishery includes nine commercial species of prawns, including white banana (*Fenneropenaeus merguensis*), red-legged banana (*Fenneropenaeus indicus*), brown tiger (*Penaeus esculentus*), grooved tiger (*Penaeus semisulcatus*), blue endeavour (*Metapenaeus endeavouri*), and red endeavour (*Metapenaeus ensis*).

by each fishery and the potential solutions to each. Questions also addressed the governance system and included extra questions on the perception of the MSC and fishery certification in general. For the Faroe Islands case, 10 interviews with a total of 17 individuals² were conducted during a field trip in August 2012. For the Alaska case, 10 interviews were conducted during a field trip in November and December 2012. For the Australia case, no field trip was undertaken but 10 interviews were conducted—nine by telephone or Skype, and one face to face—in February and March 2013.

3. The Marine Stewardship Council

Motivated primarily by the success of the FSC scheme for responsible management of forests set up in 1996, the MSC was founded by the World Wide Fund for Nature (WWF) and Unilever, one of the world's largest consumer goods companies, in 1997 and became an independent, not-for-profit organization in 1999 (Gulbrandsen, 2009). At the start of 2015, the MSC website indicated that 192 fisheries had been granted MSC certification and 68 fisheries were undergoing assessment. The website noted that the certified fisheries catch a combined total of over 6 million tons of seafood—about 7% of the annual global wild harvest.

The MSC has two 'standards' against which each fishery applying for MSC certification is assessed. On one hand, living up to the MSC fisheries standard, which relates to the sustainability of wild-capture fisheries, allows a fishery to carry the MSC label with the potential 'access to market' benefits. On the other hand, the MSC chain of custody standard relates to traceability rather than sustainability *per se*. Under the MSC environmental standard for sustainable fishing (i.e. the fisheries standard) (MSC, 2010a, 2013a) are three overarching 'principles' that every fishery must meet: (1) sustainable fish stocks (target species); (2) minimizing environmental impact (ecosystem); and (3) effectiveness of the fishery management system (management). Each principle has three 'scoring guideposts' that define the main performance thresholds in the assessment process.

Assessments against both standards are carried out by accredited certifiers. Following requirements specifying how MSC certifiers should carry out assessments, the certifiers evaluate the fishery against the MSC principles. Fishery clients may choose their own certifiers known as 'conformity assessment bodies' (CABs) from a list approved by MSC.

To be granted an MSC certificate, the fishery client must establish an agreed surveillance program for the fishery. Surveillance 'audits' conducted by a CAB ensure progress toward meeting the required improvements, as well as assessing whether any detrimental changes in the status of the fishery have taken place, which may affect the original assessment. Such audits occur at least annually throughout the five-year certification period. To maintain the MSC certification, a periodic, full re-certification assessment must take place at five-year intervals.

The costs of the certification and audit process are paid by the fishery clients and their associates. The costs increase with the magnitude and complexity of the fishery, with certification costs typically ranging from about USD 15,000 to USD 120,000. After certification, a licensing fee grants the right to use the MSC logo to advertise the carriage, sale and service of MSC-certified products. As a proportion of the MSC budget, this rose seven-fold from 2006 to 2011 (from 7% to 49.9%, amounting to USD 10.2 million) (Christian et al., 2013). On top come the costs of the annual surveillance audits by the CAB and any potential requirements for improvements identified in the assessments.

² It was not possible to identify any relevant representatives of environmental organisations on the Faroe Islands.

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