



The Economics of *Standards-Certification-Quality Signaling* in Fisheries

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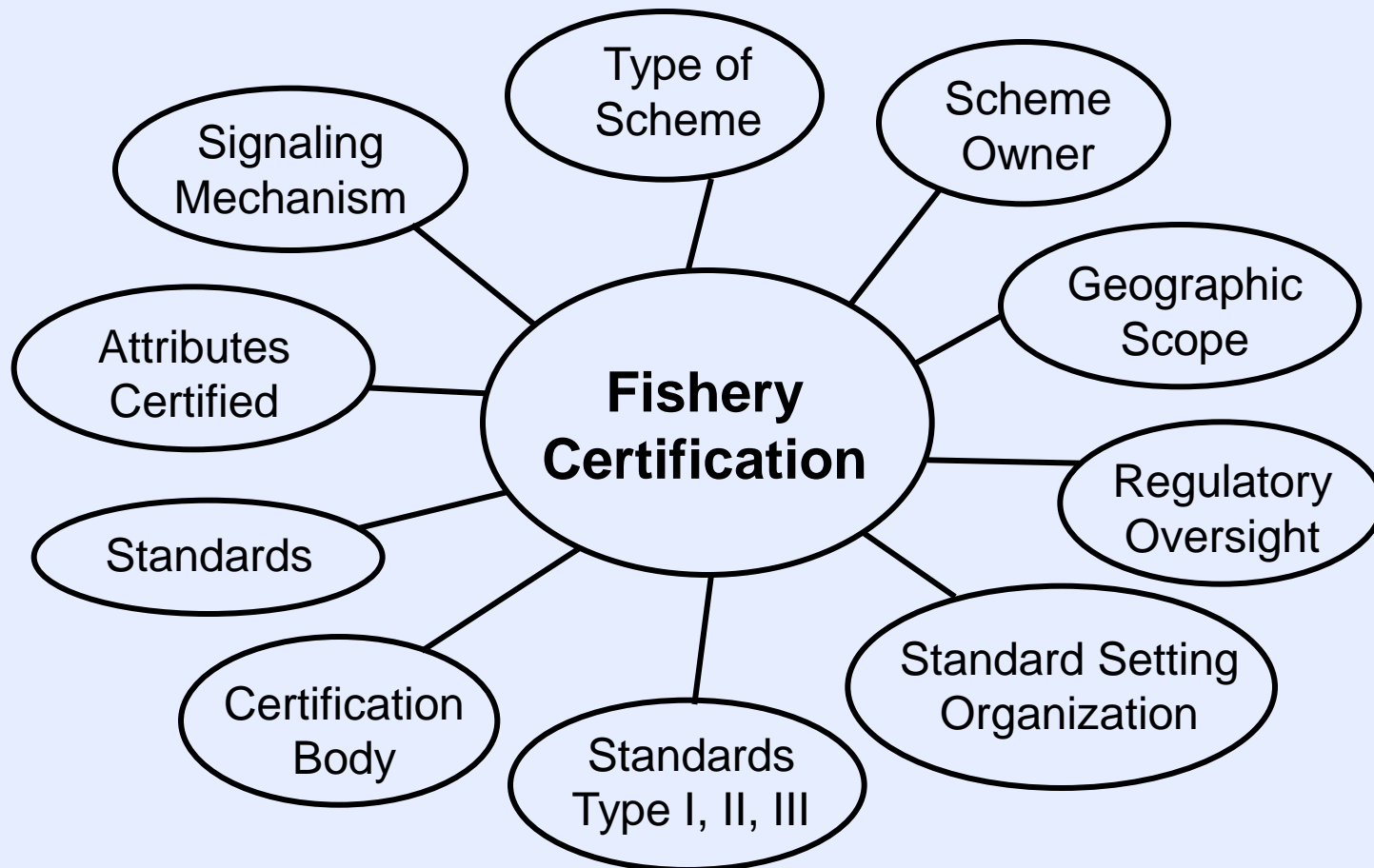
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The Quality Assurance Market

- Global, national, regional, and local supply chains
- Many major players
 - Governments
 - Supply chain participants, non-governmental organizations
- Proliferation of food standards and related certification and quality signaling
 - Multiple attributes
 - Multiple objectives



Dimensions of Fishery Certification Schemes

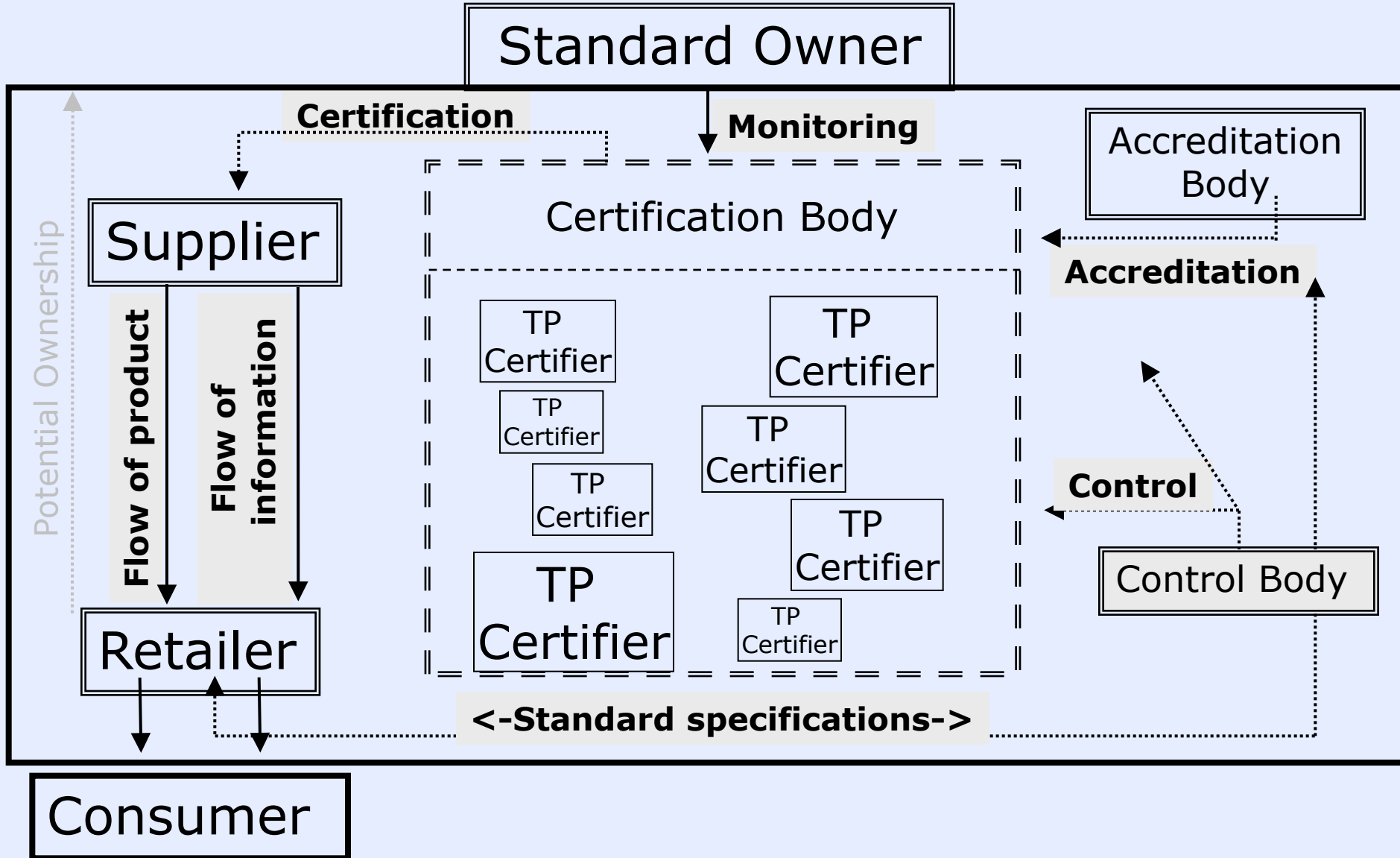


How can Economic Concepts Help?

- Imperfect, asymmetric information affects market functions
- Presence, mitigation of adverse selection, moral hazard, & fraud
- Market failure in fisheries
 - Economic problem of over-use of common pool resources
 - Weak definitions of responsibilities



Certification is a Solution to Market Failure—The Promise



Certification is a Solution to Market Failure—The Peril

- Misrepresentation of true quality
 - Buyers overpay for product attributes
 - Shadow markets (IUU)
- Exertion of market power
 - Standards owners (certifiers) may use schemes to unfairly disadvantage rivals
 - Governments may misuse certification requirements to distort markets and trade



Promise or Peril for Certification of Fisheries Products?



Benefits

Consumer demand
Cost savings
Market access
Innovation
Sustainability
Supply-chain integration
Traceability

Costs

Production systems
Certification
Labelling, promotion
Technology
Risk of investment
Liability
Knowledge, regulation
Enforcement

Benefit Distribution

- Consumer awareness, recognition, trust, affect understanding = WTP
- Supply chain structure (B2B vs. label)
- Competition, market power, bargaining
- Standard type, ownership, enforcement
- Regulatory framework
- Promotion, advertising, market shares, and competing labels
- Geographic scope, int. trade



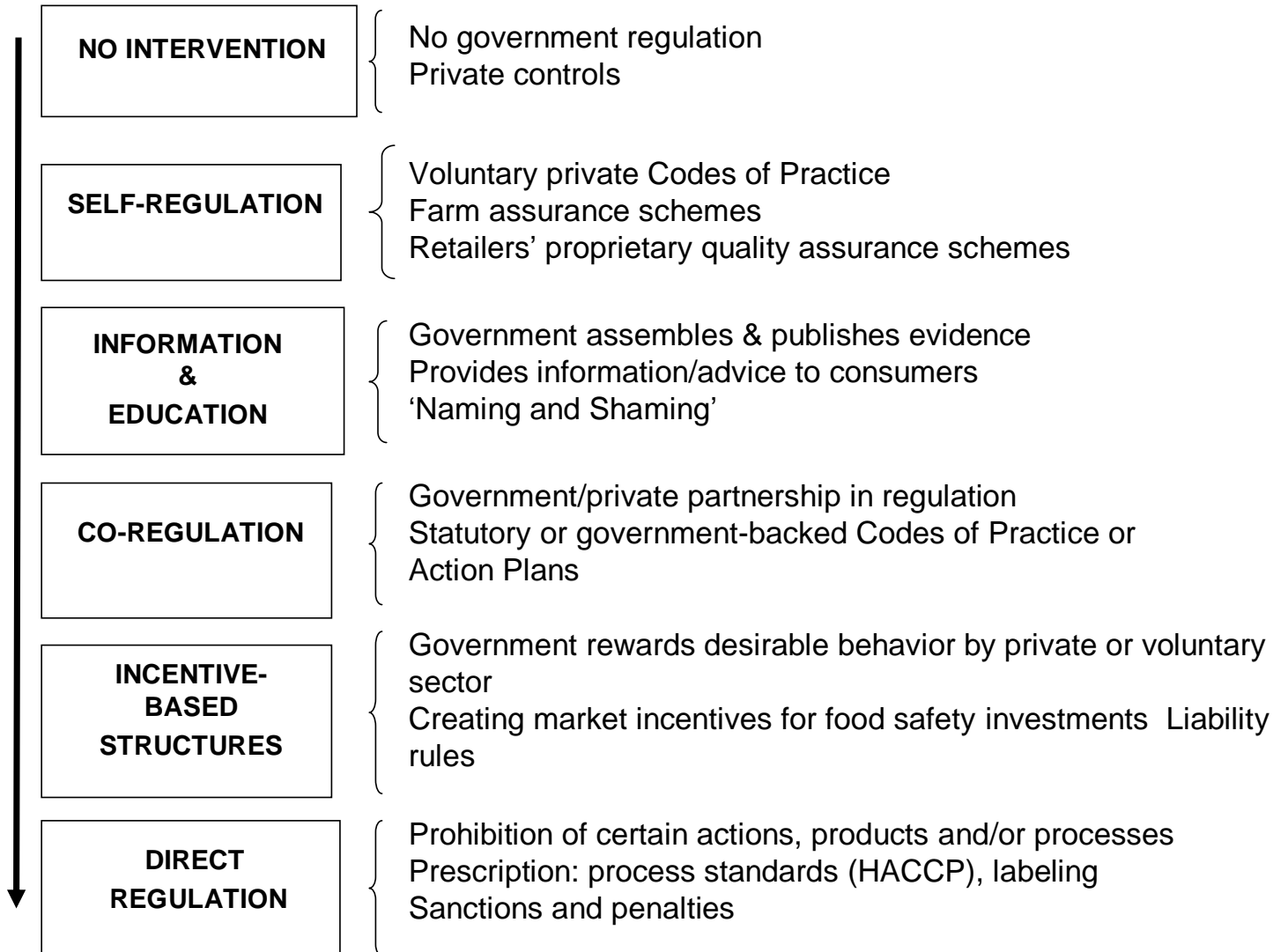
Economic Evidence—So Far

- Evidence on consumers' positive willingness to pay for 'eco-labelling'
 - Potential trade offs
- Increasing retail take-up of 'new generation' and 'custom' standards
- Does label proliferation threaten eco-labelling objectives?
- MCOOL, organic, carbon footprint ...



What Role for Regulatory Oversight?

LEVEL OF GOVERNMENT INTERVENTION



Looking Forward—Eco-Labeling & Governance of Fishery Supply

- Enforcement of international FAO guidelines
- Conflicting management targets across fisheries
- Gov. control, optimal standards?
- International standard harmonization
- Integration of developing country producers



Looking Forward—“New Generation” Certification Schemes

- Complexity of international supply chains
- New generation of private, voluntary certification systems (e.g. GlobalGAP)
- Weak corporate responsibility
- Producer assistance, feedback, minimum participatory elements;
- Emergence of geographical differentiation and labelling schemes;



Current Issues

- 'Basic' fishery regulation exist in FAO guidelines;
- Understanding of drivers of 'new generation' certification systems
- Private benefits key to success
- Trade-offs in demand – environment vs. quality and safety
- Responsibilities for public policy
- Control (oversight) of eco-labelling to assure minimum sustainability criteria

