

**IMPROVING THE EFFECTIVENESS OF  
REGULATION THROUGH BETTER RISK  
ASSESSMENT AND MANAGEMENT:  
THE POSITION OF PRIVATE STANDARDS  
IN AGRI-FOOD MARKETS**

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CHANGING LIVES  
IMPROVING LIFE



## **KEY MESSAGES**

- ✘ Private standards emerged as key mechanism of risk management in agri-food markets
- ✘ Private food safety standards evolving rapidly
- ✘ Tight inter-relationships between private food safety standards and public regulation
- ✘ Raises key questions about risk management and role of government

## BACKGROUND

- × Increasing role of private standards
- × Key issue for agri-food value chains
- × Initially a European phenomenon...but spreading
- × Lack of clarity about forms and roles of private standards
- × Many concerns about implications for trade, competition, consumer protection, etc.
- × 'Clouded' debate

## WHAT ARE PRIVATE STANDARDS?

	Public	Private
Mandatory	Regulations	Legally-mandated private standards
Voluntary	Public voluntary standards	Voluntary private standards

## PRIVATE STANDARDS LANDSCAPE

Individual Firm Standards	Collective National Standards	Collective International Standards
<ul style="list-style-type: none"> <li>Nature's Choice (Tesco)</li> <li>Filière Qualité (Carrefour)</li> <li>Field-to-Fork (Marks &amp; Spencer)</li> <li>Filière Contrôlée (Auchan)</li> </ul>	<ul style="list-style-type: none"> <li>Assured Food Standards</li> <li>British Retail Consortium Global Standard</li> <li>Freedom Food</li> <li>Ethical Trading Initiative (ETI)</li> <li>Organic standards</li> <li>Qualität Sicherheit (QS)</li> <li>Safe Quality Food (SQF) 1000/ 2000</li> </ul>	<ul style="list-style-type: none"> <li>GlobalGAP</li> <li>International Food Standard</li> <li>Marine Stewardship Council</li> </ul>

## PRIVATE STANDARDS LANDSCAPE

Standard	Food Safety	Environment	Labour Conditions	Local Community	Ethical Concerns
BRC	X				
IFS	X				
GlobalGAP	X	X			
Marine Stewardship Council	X	X		X	
4C	X	X	X	X	
Freedom Food	X				X

## WHY HAVE PRIVATE STANDARDS EMERGED AND EVOLVED?

- × Changes in consumer 'construction' of food safety and quality
- × Globalisation of agri-food value chains
- × 'Privatisation' of market governance
- × Reform of regulatory systems for food safety

## PRIVATE FOOD SAFETY STANDARDS AND PUBLIC ACTION

- × Regulatory reform:
  - + Management-based controls
  - + Supply chain focus
  - + Liability norms
- × Public referencing of private standards
- × Public guidance and supporting infrastructures

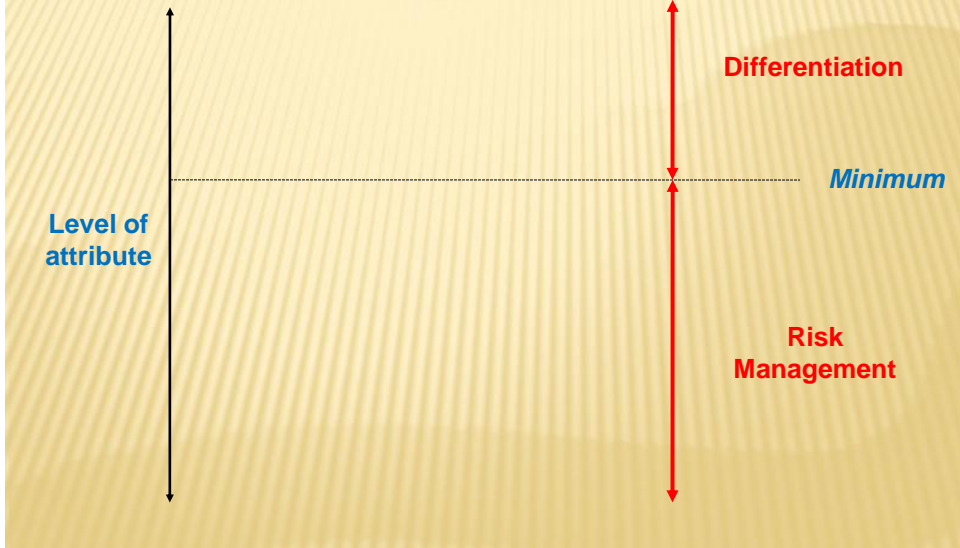
## EU GENERAL FOOD LAW

“A food business is best placed to devise a safe system for supplying food and ensuring that the food it supplies is safe; thus, it should have primary legal responsibility for ensuring food safety”

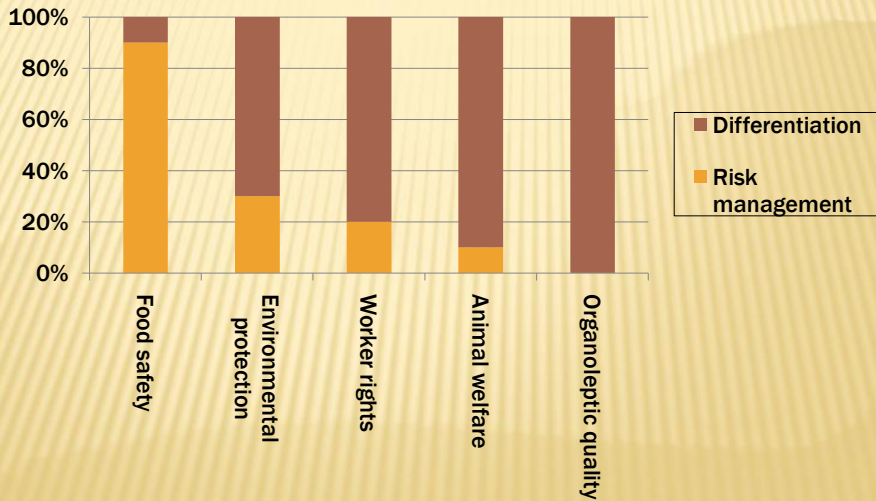
## WHAT DO PRIVATE STANDARDS DO?

- × Transmit information:
  - + Products
  - + Way in which produced, processed and/or transported
- × Mechanisms:
  - + ‘Common language’
  - + Verification
- × Management of information costs:
  - + Reduce
  - + Reallocate

## WHAT DO PRIVATE STANDARDS DO?



## WHAT DO PRIVATE STANDARDS DO?



## PROS AND CONS OF PRIVATE STANDARDS

### Pros

- × Costs :
  - + Standard-setting
  - + Enforcement
- × Private resources
- × Dynamism
- × Risk management in global value chains

### Cons

- × Transparency
- × Accountability
- × Democracy
- × Lack of risk assessment

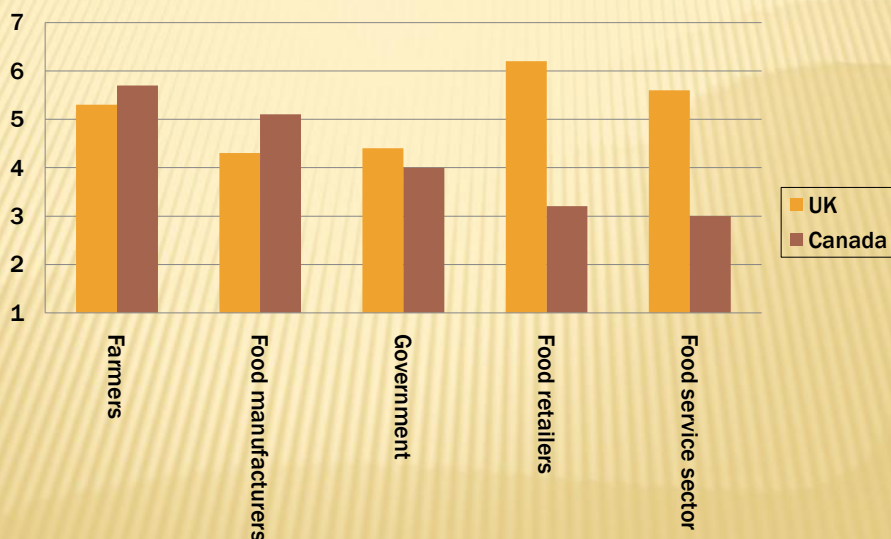
## EVOLUTION OF PRIVATE FOOD SAFETY STANDARDS



## WHERE DO PRIVATE STANDARDS EMERGE?

- × Legal impetus:
  - + Positive
  - + Negative
- × Lead firms
- × Brand capital
- × Collective action
- × Consumer impetus

## PERCEIVED ABILITY TO ENSURE SAFETY OF FOOD IN UK AND CANADA





## PRIVATE STANDARDS AND THE WTO

- ✘ WTO has 'room' to discuss emergence of private standards
- ✘ Are private standards bodies classified as 'non-governmental entities'?
- ✘ Has SPS Agreement been part of the impetus behind emergence of private standards?
- ✘ What happens as regulators increasingly make reference to private standards?