
Discussant's Comments

The International Market Space for Food Quality: Interaction of Public and Private Standards

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The Market Place

- Public (regulatory) and private standards are:
 - Competitors?
 - Complements?
 - What is the Industrial Organization of this market?
 - Basic conditions
 - Structure
 - Conduct
 - Performance
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How Can? Can?

- Countries and companies make choices in standard setting that enhance trade competitiveness



Governments Need Strategic Plans for Choosing Public Standards

- Need a regulatory philosophy
 - Which responsibilities are:
 - Public (governmental)
 - Private (company, consumers)
 - How can/should third parties be used?
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Companies, Industries, and Sectors Need Strategic Plans for Choosing Private Standards

- Need a market philosophy
 - Which responsibilities are:
 - Public (governmental)
 - Private (company, consumers)
 - How can/should third parties be used?
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Framework for Characterizing and Evaluating Government Standards

- **Characterize policy based on:**
 - Quality attribute targeted
 - Major type of policy instrument used
 - Direct regulation
 - Oversight/support of markets
 - **Evaluate policy based on:**
 - Criteria for effectiveness
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Which quality attributes are targeted?

Intrinsic Quality Attributes

1. Food safety

e.g., foodborne pathogens, pesticide residues

2. Nutrition

3. Sensory/organoletic

e.g., taste and tenderness, color

4. Value/function

e.g., compositional integrity

5. Process

e.g., animal welfare, organic, use of GMOs

Which Policy Instruments Are Used?

Direct regulation:

Regulatory policies focused on setting and enforcing mandatory minimum standards and/or labeling.

Oversight/support of markets:

Policies focused on building markets; supporting fair trade; and setting, overseeing, and/or guiding voluntary standards and labeling

Which, if any, labeling type?

Type	Owner of Labeling Standard ^a	Primary Means of Label Certification	Labeling Approach	Description
I	Private, 1 st or 2 nd Party	1 st or 2 nd Party	Voluntary	Product or process attribute claims on labels by individual companies based on self-declared standards, with self certification by buyer or seller.
II	Private, Collective 3 rd Party	1 st or 2 nd Party	Voluntary	Product or process attribute claims on labels by companies based on collective self-declared standards, with self certification by buyer or seller.
III	Private, Collective 3 rd Party	3 rd Party	Voluntary	Product or process attribute claims on labels by companies based on collective self-declared standards, with 3 rd Party certification.
IV	Independent 3 rd Party	3 rd Party	Voluntary	Product or process attribute claims on labels by companies based on standards set by independent body (e.g., non-governmental organization, private certification body), with 3 rd Party certification.
V	Government	Government or 3 rd Party	Voluntary	Product or process attribute claims on labels by companies based on government standard, with government or 3 rd Party certification.
VI	Government	Government	Mandatory	Product or process attribute claims on labels by companies based on government standard, with government certification.

How Well Does Certification Work?

- Certifying the certifiers
 - Checking on credence

Albersmeier, Friederike, Holger Schulze, Gabriele Jahn, and Achim Spiller. 2009. The Reliability of Third-Party Certification in the Food Chain: From Checklists to Risk-Oriented Auditing. *Food Control*:927-935.

Eilperin, Juliet. 2012. Some Question Whether Sustainable Seafood Delivers on its Promise. *Washington Post*, April 22.

Froese, Rainer and Alexander Proelss. 2012 (In Press). Evaluation and Legal Assessment of Certified Seafood. *Marine Policy*.

Example:

- Eco-labeling of fisheries
 - Marine Stewardship Council
 - Friends of the Sea

Eilperin, Juliet. 2012. Some Question Whether Sustainable Seafood Delivers on its Promise. *Washington Post*, April 22.

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How Should We Define the Standard for Sustainable Fisheries?

How This Study Defines It

Overfishing: A fishery is overfishing and a stock is subject to overfishing and overfishing is ongoing, if removals (landings plus discards plus other human-induced mortality) from the stock are higher than those that would allow the stock to grow to and maintain a size that can produce the maximum sustainable yield. Technically, overfishing means that fishing mortality F is larger than F_{MSY} .

Overfished: A stock is overfished if fishing has reduced the stock to a size below the level that can produce the maximum sustainable yield. Technically, overfished means that the stock biomass B is below B_{MSY} .

Recruitment-overfished: An overfished stock is recruitment-overfished if fishing has resulted in a stock size where the number of reproducing adults is reduced to a level where below-average production of offspring becomes more frequent. Technically this means that the stock is smaller than 40–50% of B_{MSY} , the biomass that can produce MSY . For example, since its MSC-certification in 2008, North Sea Saithe (*Pollachius virens*) is subject to ongoing overfishing ($F=0.37-0.41$ while $F_{MSY}=0.3$, ICES 2011). Its spawning stock biomass, which was already below B_{MSY} [4] and thus overfished in 2008, has subsequently declined further and approached the status of recruitment-overfished in 2011 [15].

Attribute Space

■ Marine Stewardship Council

- 31 criteria under three principles
- 1 criteria refers to status of stock
 - Non-recruitment overfished
 - Exceptions
- Weight of 25% under Principle 1 and overall weight of 8.3%

■ Friends of the Sea

- 40 essential criteria
 - Fails certification if fails any one criterion
- 3 criteria refer to status of stock
 - Not data deficient
 - Not overexploited
 - Not overfished
 - Exceptions

Overall, Both Aim at Below, Use These as Evaluation Criteria

- No overfishing
 - Not overfished

 - Essential attributes are process attributes
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Standards Structure

- Marine Stewardship Council

- Standard owner: NGO
- Certifiers (auditors) are for-profit companies, with MSC participation
 - Chosen and paid for by the fisheries being assessed

- Friends of the Sea

- Standard owner: NGO
- Certifiers (auditors) are independent 3rd parties



A Labeling Typology—Is Type IV Labeling

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Performance Evaluation

- Consumers
 - Authors say “yes, do buy”
 - But the certification systems need to do a better job
 - Business to Business
 - Washington Post article: all the diverse activity, particularly by retailers
 - Societal or Group Goals
 - Is sustainability labeling the way to get to sustainable fisheries?
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Private-Public Relationships

- Definitions of sustainable fisheries
 - What is illegal misrepresentation?
 - Who is in charge?
 - Government oversight
 - Supply chain oversight
 - Consumer oversight (still credence!)
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Summary--The Public/Private Continuum

- Distinction between public and private regulations is less discrete than often assumed
 - In most markets, public and private quality regulations co-exist
 - Considerable inter-relationships and dependencies between the two
 - Private regulations and standards can evolve as a mechanism to facilitate compliance with regulatory requirements
 - Regulations can reference private standards as part of their requirements
 - What mix provides superior outcomes?
 - Focus here on international trade
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 - Caswell, Julie A. 2013. Challenges in Choosing the Mix of Public and Private Standards for Food Quality Assurance. In *The Federal Policy Role in Today's Food and Agricultural Markets*, ed. Walter J. Armbruster and Ronald D. Knutson, 227-247. Springer Publishing.
 - Caswell, Julie A. and Sven Anders. 2011. Private vs. Third Party vs. Government Labeling. In *The Handbook of the Economics of Food Consumption and Policy*, ed. Jayson Lusk, Jutta Rosen, and Jason Shogren, pp. 472-498. Oxford, United Kingdom: Oxford University Press.
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