"RESPONSIBLE RETAILERS": POLICY CHALLENGES RAISED BY PRIVATE STANDARDS IN THE SEAFOOD SECTOR

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ABSTRACT

Globalisation in the retail sector is transforming food value chains by driving consolidation in the industry and extending supply chains across the globe. Globalisation enables retailers to benefit from economies of scale and cheaper production in foreign locations. However, food markets themselves are increasingly responding to local consumer preferences. In response, retailers are using their own standards to differentiate how their products meet these preferences. This further alters value chains by creating direct links between retailers and producers in order to ensure quality and traceability. The growth in supermarket own-brands and links to established and evolving ecolabels has occurred in markets without a parallel development in institutions, leaving retailers as the 'gatekeepers' of consumer standards in some areas. This role raises policy issues regarding the responsibilities of public regulators, the potential effects of private standards on trade patterns and, more broadly, issues of accountability in the international system. This paper addresses the development of retailers as the gatekeepers of food standards in the fisheries sector, evaluates their impact on global supply chains and discusses the use of seafood products as a leading category of retailers' own standards. This paper explores the policy challenges facing governments and consumers in determining the legitimacy of such standards, what role regulation might take, and what obstacles may be encountered.

Keywords: private standards, ecolabels, globalization, retailers.

INTRODUCTION

Globalisation in the retail sector is transforming food value chains as economic pressures drive consolidation in the industry and supply chains extend across the globe. In fisheries, international procurement is particularly evident as around half of international fish trade by value now originates in developing countries but is sold in one of the three major developed country markets (European Union, Japan and the United States). Lengthening supply chains are also a feature of modern day fish procurement as cheap processing locations such as China and south-east Asia are increasingly utilized.

At the same time, individual food markets themselves are reflecting local consumer preferences, often through an increase in products associated with 'responsibility branding'. Responsibility branding is when retailers use logos on their products that promote their corporate socially responsible attributes, generally reflecting social and environmental issues that are of concern to consumers. In fisheries, overfishing has been the most dominant and longstanding concern, leading to logos that advertise the sustainable nature of the particular product being sold. Logos may be developed by retailers themselves (such as Carrefour's 'Pêche Responsible'), by processors (Unilever's 'ocean friendly') or existing third-party logos may be 'adopted' by the retailer (the Marine Stewardship Council's logo has market dominance). In all cases, logos are attached to standards that may drive retailer-driven processes and procurement to meet the standards and ensure traceability, further altering global supply chains.

The requirements attached to some supermarket brands are significantly ahead of public legislation. This indicates that growth in retailer-driven labels has occurred without a parallel development in public institutions, arguably leaving retailers as the perceived 'gatekeepers' of standards in some areas. This

growth is the outcome of two mutually reinforcing forces: 'pulling' by private organizations such as non-governmental organizations and consumer demand, and 'pushing' by retailers in order to protect their interests and reputation.

Within the last ten years, responsibility branding by retailers has taken on new significance due to the expansion of such labels and the standards attached to them, consolidation in the industry, and the increasing power of retailers in food value chains. In some cases, retailer standards associated with responsibility branding may have become de-facto obligatory systems due to their mandatory nature for suppliers who seek to gain access to developed markets.

In light of this, the role and responsibilities of public regulators in modern governance are coming under increased scrutiny. The key policy challenge facing governments in relation to this phenomenon is whether and how to respond to the increasing role of private governance by retailers of supply chains whose responsibility branding helps address a particular public policy problem – that of sustainable fishing.

This paper addresses the development of retailers' responsibility branding, considers their impact on global supply chains, and presents the use of seafood products as a leading category of retailers' own standards. The paper will then discuss the impact of such standards, the current debate surrounding public-private governance and possible policy responses.

GLOBALISATION, THE RETAIL SECTOR AND THE CHANGING NATURE OF PROCUREMENT

Global sales of food (including through food service establishments) were estimated at USD 4 trillion in 2002 (USD 531 billion in retail sales of fresh food and USD 1.7 trillion for retail sales of processed foods) (Regmi and Gehlhar, 2005). Just over one third of these global food sales took place in the top 30 supermarket grocery chains (Table 1), predominantly in the European Union and United States.

Table 1. World Top 10 Food Retailers

Rank	Company	Home country	Net Sales EUR million	Company % of total sector sales	Foreign sales %	Number of countries
1	Wal-Mart	USA	251 357	10	23	15
2	Carrefour	France	74 497	3	53	31
3	Tesco	UK	56 020	2.2	23	14
4	Metro Group	Germany	55 722	2.2	52	30
5	Kroger	USA	48 717	1.9	0	1
6	Ahold	Netherlands	44 496	1.8	82	11
7	Target	USA	42 334	1.7	0	1
8	Costco	USA	41 725	1.6	20	7
9	Rewe	Germany	41 700	1.6	31	13
10	Schwarz Group	Germany	36 849	1.4	44	22

Source: Nordas, 2007

The retailing sector has recently experienced consolidation in response to the economic pressures of globalisation, particularly in European countries. For example, the number of retail firms in Finland has fallen by 30% in the last decade and 50% in France during the last two decades (Guillotreau, 2003).

Supermarkets have retained their dominance in the food chain and their market share of total retail sales remains high. In France, the supermarket share of total retail sales increased from 32% in 1976 to 70% in 2000; in the United Kingdom this figure was 16% in 1988 and 64% 10 years later. Today, only five retail companies account for the majority of supermarket sales in Finland, France, Portugal and the United Kingdom (Guillotreau, 2003).

The growth of the broader retail sector has played a pivotal role in increasing the availability of fish to consumers. Traditionally, most seafood points-of-sale were small, specialist and family-owned stores such as fishmongers, mainly in urban centres. Growing demand for convenience shopping alongside increased farmed fish production resulted in steadier supplies of fresh fish, which led to investments by retailers in fresh-fish counters and the easy availability of fish to a growing number of consumers (Table 2).

Table 2. Supermarket Shares of Sales of Fish and Fish Products, 2004/5

Country	Supermarket share of total fish and fish product sales (%)	Supermarket share of total retail sales of fish and fish products (%)
France	59	85
Germany	50	85
United Kingdom	50	90
Spain	45	60
Italy	42	60
United States	40	90

Source: FAO, OECD, M.C. Monfort (personal communication)

Sustained and increasing demand for fish and fish products alongside overfishing in traditional, developed country fisheries has meant that supermarkets now source products from a growing variety of countries, lengthening some supply chains. For example, Wal-Mart sources fish from 70 countries and Tesco sources from 38 while Darden restaurants source seafood from more than 30 countries (Figure 1, countries in dark) (OECD, 2007). Developing countries now account for more than 50% of the global export value of fish and fisheries products, playing a critical role in seafood sourcing for developed country markets.

Figure 1. Darden: A Global Seafood Purchaser
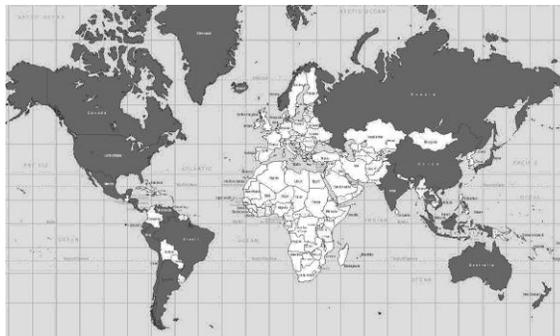
Source: OECD, 2007

THE GROWTH AND DEVELOPMENT OF OWN-BRANDS AND ASSOCIATED STANDARDS IN THE RETAIL SECTOR

Own-brands are a private brand sold exclusively by a specific retail chain, usually under its own name (Nordas, 2007). Initially, own-brands were fairly low-quality products that have become increasingly sophisticated. The expansion of own-brands has changed the relationship between suppliers and retailers as own-brands are typically developed and standardised by the retailer and produced by a number of suppliers on a contractual basis. This means that contracts are based on the supplier's ability to meet the requirements of the retailer for its standard and verification procedures. The supplier bears the cost, which potentially could be quite high. Retailer bargaining power as a result of their size means that they can demand such behaviour from their suppliers, while maintaining low costs. For example, while the price of retailer own-brands over all categories was 31% lower than comparable branded goods in 2000, gross margins still averaged 35%, compared to 25% for branded goods (Nordas, 2007). Generally, the higher the quality of the private label, the tighter the relationship with suppliers through sub-contracts and sometimes integration, in order to reduce transaction costs along the value chain. In such cases, the retailer takes responsibility for the entire supply chain, including product innovation and marketing.

The aggregate value of retailer own-labels in 36 countries was 15% of total supermarket sales in 2003, growing to 17% in 2005. In some countries such as France, this figure is around 25% while in Switzerland it is around 50% (Nordas, 2007; Guillotreau, 2003). The largest growth has been in the ready-meals market where home brands accounted for 95% of home-ready meals sold in the UK in 2006 (Burch and Lawrence, 2007). In fisheries, own-brand products tend to be ready-meals or processed products. The Private Label Manufacturers Association gives more specific data on the market share of private labels in the french seafood market (Table 3).

Table 3. Market shares of private labels in the French seafood market in 2000

Product	% quantity	% value
Dried/Salted/Smoked fish	27.6	25.3
Smoked fish	42.1	39.1
Smoked salmon	31.9	34.4
Frozen fish	43.7	42.2
Frozen shellfish	34.9	31.1
Canned fish	37.2	32.8

Source: PLMA International Council, Yearbook of Private Labels 2001, quoted in *Produits de la Mer* n˚68, August-September 2001, (Guillotreau, 2003).

Although retailer margins are higher with their own-labelled products, their exposure to market risks also increases. Despite the fact that price and quality remain leading criteria in customer purchasing decisions, consumers in markets such as the US and EU increasingly attach importance to how companies conduct their business. As the last link in the chain between the producer and the customer, retailers in these markets are increasingly held accountable for both local and global concerns. Therefore, retailers are responding to the more specific local demand patterns of developed country consumers. Corporate social responsibility policies can be highlighted through labels on own-brands and can build reputation and increase market share.

Retailers are setting and enforcing industry standards for use on their own-brand seafood not because of a lack of regulation in the fisheries sector *per se*, as indeed the fisheries sector has a long history of prescriptive governance, but because of a perceived inability of fisheries management authorities to ensure publicly-managed sustainable stocks (Gulbrandsen, 2006). As retailers are at the consumer end of the value chain, they have the greatest incentives to implement standards in order to self-govern their commercial and reputational interests.

Companies can respond to a lack of sustainability in the sector through defensive or aggressive strategies. Defensive strategies might include the use of standards as a form of 'insurance' for future business, or they could also build resource depletion into their business strategies. Retailers could also adopt aggressive strategies, such as corporate social responsibility standards. Wal-Mart in the USA and Waitrose and Tesco in the UK are all publicly committing themselves to responsible sourcing for their fish own-labels (OECD, 2007)[1] by procuring to the extent possible from MSC certified stocks and using the MSC's label. In 2006, Carrefour, Auchan and Sainsbury's also made commitments to overhaul or improve their seafood sourcing practices (Dallimore, 2007). Twelve European retail chains (including Tesco, Metro, Intermarché and Asda) are now using the MSC-logo on 74 products sold under the retailer's own-label (O'Sullivan, 2005) (Table 4). Other supermarkets are identifying sustainable exploitation on their own-brand seafood with their own labels, such as Carrefour's Pêche Résponsable label while also selling MSC-certified products in its hypermarkets.

Table 4. European Retailers with largest range of MSC products under own-brand

Chain	Country	No. of MSC products sold under retailer's own-brand	Products
Migros	Switzerland	36	Fresh-Frozen-Smoked Alaska Salmon, Alaska Salmon roe, Alaska Chum wild Salmon, Cornish fresh-smoked mackerel
Sainsburys	UK	8	Fresh-Smoked-Canned Alaska Salmon, Hoki Ocean Pie, Hoki fillets
Coop	Switzerland	7	Smoked-Marinated-Frozen Alaska Salmon

Source: O'Sullivan, 2005.

NGOs have also tapped into or driven these concerns and have developed various strategies to wield influence over consumer purchasing decisions or the procurement policies of large firms. These strategies include preparing consumer guides as to what fish species to purchase, putting pressure on retailers to not stocks species deemed to be under pressure, and boycotts of particular species (Washington, 2008). Retailers have used labels as a defensive strategy to insulate themselves from potentially damaging publicity such as Asda experienced in 2005 (Box 1) and can form part of their risk management.

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[1] This is the case for capture fisheries, with most supermarkets using MSC-certified stocks in their sourcing. As no similar scheme exists for aquaculture, organic farmed fish and is currently occupying the sustainably-farmed product niche.

Box 1. Reputational Interests

In late 2005, Greenpeace published a report that ranked UK retailers according to their sustainable seafood buying practices. Asda, Wal-Mart's sister company ranked last. Greenpeace used highly visible tactics, including a rooftop demonstration, to protest at Asda's use of endangered or 'at risk' sources of seafood. By January 2006, Asda released details of their new sourcing policy that removed fish determined as unsustainable by Greenpeace. Significantly, Wal-Mart also agreed to source all of its wild-caught fresh and frozen fish for the North American market from fisheries that meet the Marine Stewardship Council's (MSC) independent environmental standards for sustainable and well-managed fisheries. The case highlights not just the reputational risks that retailers face that drive their consumer-oriented policies, but also the increasing privatisation of environmental governance through the participation of non-state actors, the nature of retail standards and the reliance on markets to stimulate compliance.

Source: OECD, 2007.

In addition to protecting their reputation and promoting themselves to consumers as responsible retailers in certain areas, the emergence of codes of conduct and standards in the supply chain also assists retailers in product marketing and branding through the use of labels that identify the standard being used. Competitive advantage translates into sales and private standards have emerged as a way to differentiate products, reflecting the growing role of quality as a mode of competition. In addition, private standards permit the production, identification and preservation of product and process characteristics throughout the supply chain and can therefore assist with the effective coordination of supply chains. This can increase efficiency, reduce transaction costs and help ensure traceability. Essentially then, in business to business relationships, private standards serve as internal control while in business to consumer relationships, they also serve as marketing tools (Smith, 2007).

THE POTENTIAL IMPACT OF OWN-LABEL STANDARDS

The outcome of developments in responsibility branding by retailers is that they no longer merely buy what is on offer from suppliers but progressively determine what they want supplied and the terms and conditions under which commodities will be supplied. There are two principle impacts of own label standards and their processes that are of interest to policy makers. The first is that retailers may impose and enforce their values across their supply chains by issuing codes of principles and standards that suppliers must adhere to. This shifts risk-bearing to the supplier so that any failure to meet standards does not tarnish the reputation of the retailer (Martinez and Pool, 2004). For the supplier, access to a given retailer's value chain means, in effect, access to its developed-country market – access that may be determined by compliance with retailer standards. As a diminishing number of leading retailers govern these supply chains and an increasing number of private standards are laying down conditions for market-access, there is greater scope for exclusion from label-associated price premiums or even entire markets for suppliers who do not meet these standards. Some developing countries and countries with small-scale fisheries perceive that these de-facto regulations, procedures and document requirements constitute informal trade barriers (FAO, 2005). As a result, there is generally an increasing recognition that the benefits of being a 'preferred supplier' are significant, while for some, private standards pose a potentially negative threat to developing countries trying to access potentially lucrative high-value markets (Henson, 2006).

Retailer standards may be viewed as particularly unfair by countries with developing and small-scale fisheries for a number of reasons. Retailer standards are not legal standards but have a similar effect. In

addition, while developing countries and small-scale fisheries may be well managed fisheries, they may not have the resources necessary to certify their fishery as sustainable. As private standards are not subject to WTO disciplines that ensure standards are the least trade restrictive measure available in providing environmental protection, small producers have no recourse to dispute settlement processes in the international trade regulation system.

Caution must be exercised in attributing to private standards alone the sole responsibility for the exclusion of suppliers, particularly small holders from the value chain (infrastructure, energy supplies, transport, communication, traceability and record keeping amongst others, may also play a role (Fulponi, 2007)). However, compliance with private standards can impose additional costs of compliance on suppliers, particularly as most conformity assessment procedures involvesindependent third-party certification, and these costs will be greater for countries where public and private standards are less well developed due to a lack of technical and administrative capacities and resources (Rotherham, 2008).

The second impact of a proliferation in private standards is that as there is no legal basis for ensuring that new standards do not overlap or conflict with existing ones, there is no check on the proliferation of labels or of their potentially incompatible criteria and requirements. Private standards reflect local market values and are generally developed on local environmental preferences, values and economic development (Rotherham, 2008). Small or developing countries with few resources may find that a proliferation of standards greatly increases the cost to these countries of accessing different markets. In addition, information asymmetries and competition between standards mean that there may be little scientific information available to justify differences in standards, adding confusion in the marketplace and possible erosion of credibility. Competing standards for sustainability can frustrate or mislead intended audiences and attract negative publicity where poorly designed or implemented (Washington, 2008).

THE POLICY CHALLENGE

In the rush to exploit consumer demands and other incentives for sustainable exploitation of fisheries resources, little attention has been given to the wider implications of the growth in private standards in the retail sector. In spite of preliminary evidence that private standards can be effective in generating changes in behaviour, for example in encouraging sustainable fishing, there are many problematic aspects.

The growing predominance of private standards has led to debate surrounding the role and responsibility of public policy in this area. Fundamentally, private standards reflect different objectives to that of public standards. Private systems seek to maximize private gain for their shareholders and do not typically share the characteristics of public systems, such as participation, transparency, accountability and dispute settlement processes, although these may be a feature of some private systems in an effort to generate legitimacy and acceptance. The policy challenge for governments is how to identify and address any potential market failures of private standards while recognizing that private standards address an important public policy challenge - that of unsustainable fishing - and without undermining credible standards and the consumer preferences and market actions they represent (Smith, 2007).

THE POLICY RESPONSE

Although voluntary initiatives by retailers may assist the industry towards fishing sustainably, it has not yet relieved the pressure on governments to intervene in the sector. This is because any dependence on private regulation within the wider architecture of contemporary governance must recognise important limits to private regulatory capacities while acknowledging that they still have the capacity to exercise considerable power.

Private systems are constructed under private legal arrangements where ownership or control rests with a few selected members and where the aim is to maximize profits. Where standards are seen as a tool in this objective, private standards are likely to flourish. While private standards may be focused on the credentials of a final product (for example, 'sustainably caught'), governments, on the other hand, will look at the effects of public standards on the industry as a whole. Policy-makers, in regulating fisheries may have multiple goals to take into account, including social equity that may require broader policies than single issues such as sustainable exploitation (Washington, 2008). Sustainable development in general may require other factors to be considered, such as equity in supply chain relationships. In addition, under international law governments have a responsibility towards developing countries in the area of trade to ensure that public standards are the least trade restrictive measure possible. Through international agreements, governments have agreed to assist the development of some countries as the revenues of developing or small countries may be dependent on international trade due to the presence of only a small home market that drives the economy. The 2008 World Development Report emphasized the critical role of trade in agricultural produce and services as a means of reducing poverty.

What then are optimal policy responses by governments? There are three predominant policy options open to governments – which are not mutually exclusive - to address the potential market failure of private standards where required. First, policy makers can adopt minimum standards or harmonise private standards to ensure equivalence between standards. Second, governments can adopt policies to ensure that standards are credible. Third, regulators can assist developing countries in meeting current standards.

Minimum standards

A number of different standards for sustainability are in existence. Many retailers use an identifying label that highlights the sustainability credentials of the products, some of which have achieved international recognition. However, the wide variety of standards that claim similar attributes for fish - but with differing methods of implementation and verification - means that the proliferation of private and public certification schemes with potentially incompatible criteria and requirements pose a particular challenge for producers, consumers and policy-makers.

To prevent suppliers from having to meet multiple standards, governments could provide for the harmonisation of private standard schemes or minimum standards for such schemes. A harmonised scheme for fisheries or minimum standards would be unlikely to pose any restraint on existing schemes while ensuring that all standards adhere to an agreed set of basic criteria.

To some extent, governments are working in this area through the forum of the United Nations Food and Agriculture Organisation (FAO). In 2004-5 the FAO Sub Committee on Fish Trade developed and adopted a set of Guidelines for the Ecolabelling of Fish and Fishery Products from Marine Capture Fisheries. The Guidelines are voluntary in nature and are applicable to schemes that are designed to certify and promote labels for fish from well managed fisheries. The purpose of the FAO guidelines is to create some minimum requirements for labels, in particular private ones that remain outside of regulatory oversight. However, fear of violating international rules or reigning in the industry has led to a lack of regulatory stringency for private schemes (Stokke, 2004).

'Truth in advertising' standards

Overall, the success of private standard schemes depends on consumer awareness and the credibility of the standard. Consumers are inundated with products that make 'green' claims, not all of which are accurate, substantiated or verifiable. For example, a recent study of environmental marketing found that out of 1 018 common consumer products randomly surveyed for the study, 99% were guilty of 'greenwashing' (the practice of making an unsubstantiated or misleading claim about the environmental

benefits of a product, service, technology or company practice) (TerraChoice, 2007). These included unverifiable claims of 'organic' and products with false claims that they were certified by an internationally recognised environmental standard.

Governments can ensure the integrity and credibility of competing standards to prevent fraudulent use of standards and consumer confusion. For example, the British Government introduce the Green Claims Code in February 1998. Although the Green Claims Code is entirely voluntary, there is some evidence to suggest that it has led some retailers to improve their own-brand products (UK Parliament, 1999). In 2008, the Canadian Competition Bureau announced a crackdown on environmental claims in advertising and labelling by publishing a set of guidelines to prevent businesses from misleading consumers about the green benefits of their products. Businesses must now prove their environmental claims and may be subject to fines where they are not verifiable (De Souza, 2008).

Developing country and small-scale fisheries assistance

Private standards fall outside the scope of existing institutions providing discipline in the use of food standards, trade flows and international standardisation infrastructure (Henson, 2006).There is little reliable information on the extent to which private standards affects trade flows from developing country and small-scale fisheries and concern seems to be directed at environmental labelling in general. However, private standards have the potential to negatively impact economic development through unjustifiably restricting market access by developing country and small-scale producers to OECD markets. As a result, there is increasing recognition of the adverse impact private standards. Traditional, artisanal and small-scale fisheries have often been excluded from trade-related fisheries development as a result of the costs of compliance or because rents do not accrue to those bearing the costs of certification. Costs of compliance and implementation are increased through a lack of business contact and trade networks, access to finance and market information, remote infrastructure and support services, a lack of access to price information and long marketing chains so that they are left with little bargaining power (Worldfish Center, 2007). Therefore, the role of public policy can be to assist small producers in attaining private standards through development assistance as well as promoting social equity in the value chain.

Without good governance mechanisms, developing country fisheries connected to global markets may accelerate the decline of resources where local governance systems are unable to cope with the pressure of increased value and demand. Strengthening governance systems such as clarifying and reinforcing individual and communal property rights, investing in monitoring, control and surveillance mechanisms and providing assistance for data-poor fisheries in developing countries are examples of developing capacity assistance that would help small producers benefit from the opportunities of globalisation while minimising the risks. The capabilities of small scale producers to engage in both international trade and local resource governance also requires attention (such as through training in seafood processing and handling to meet export requirements).

At the same time, it is clear that natural resources management in general requires a flexible approach and it is a particular strength of private organisations that they have the ability to influence fisheries sustainability in a positive way. Policy-makers can therefore build on the progress made by private entities. For example, retailers can move quickly in response to consumer demand, meaning that retailers can act as important first-movers ahead of government. Private standards can also lead the way on public policy objectives by using market incentives for sustainability and in the process moving discussions from high-level policy rhetoric to action (Washington, 2008). Private standards do also hold advantages in flexibility, cost, speed of product development and the positive use of peer pressure in the industry.

Retailers are also trying to 'democratise' their processes. Retailers are aware of some of the concerns surrounding the legitimacy of standards and tend to work with a wide variety of stakeholders in standard-

setting. Perhaps in light of consumer concerns in this area, private standards have become more inclusive through the participation of non-commercial interests such as NGOs, consumer groups and developing country representatives (Henson, 2006). In addition, retailers may help existing suppliers to comply with new standards in order to maintain contractual working relationships that have been mutually beneficial.

Nevertheless, in countries where there is already an effective fisheries management regime, current policy responses have remained fairly neutral and slow. In April 2007, at a meeting of the Fisheries Council, Ministers responded to the 2005 European Commission Communcation on 'Launching a debate on a Community approach towards ecolabelling schemes for fisheries products (COM(2005)275 final, Brussels, 29 June 2005). Although a preference was expressed for establishing minimum requirements for such schemes, there is still no public standard for sustainability in the EU market. In addition, individual countries continue to exhibit different responses to the growing presence of retailer standards in the market. For example, the UK currently provides grants to fisheries to enable them to seek certification whereas the US will only provide information to applicants and certification entities for private sector certification (Washington, 2008). However, maintaining the lack of current action will allow the most powerful and dominant retailers to determine and implement the standards that suit their private interests first.

It is clear that private standards cannot be a replacement for the State but can enrich legislation and use their first-mover status to become an additional instrument for rule development and implementation. Operating alongside legislative techniques and processes, the actions of retailers can increase and enrich the possibilities for effective norm development and implementation; particularly because they adopt a bottom-up approach that reflect demand side interests (Webb, 2002).

CONCLUSION

In general, the proliferation of private standards is part of a wider market trend that has seen the emergence of new actors in environmental governance. This paper has shown that the increasing influence of retailers on the sustainable utilization of fisheries resources through their standards has created a more complex policy space. In a world where industry, government and NGOs are increasingly employing market-oriented private standards that address important public policy problems, the lines separating the public and private spheres are blurring, raising the interesting policy challenge of sensible regulatory responses (Webb, 2002).

If policy-makers leave the governance of private standards to global supply chains and the retailers that manage them, the outcome may be stringent standards that use market demand to achieve environmental and business goals, but potentially at the expense of market access by developing country producers as well as a lack of credibility in sustainability claims, consumer confusion and ultimately, devaluation of such standards. Public policy intervention may be needed to provide for social objectives, enhance developing country and small-scale fishery capacity, and close the gap between private standards and international commitments in order to correct for potential market failure.

However, private standards are generally complementary to public standards and all stakeholders need to embrace a new conception of governance – one that brings together a wide range of instruments to harness the potential of a broad range of actors (Webb, 2008). Governments have a role to play in determining what are acceptable standards, for what purpose they may be developed, who benefits from them and their future development in order that retailers, suppliers, consumers and public policy makers all gain from globalisation.

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[i] The views in this paper are those of the author and do not necessarily reflect the views of the OECD or its Member countries.