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# REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

## on options for an EU eco-label scheme for fishery and aquaculture products

## 1. INTRODUCTION

Article 36 of Regulation (EU) No 1379/2013 on the common organisation of the markets in fishery and aquaculture products[1] provides that the Commission shall submit to the European Parliament and to the Council a feasibility report on options for an eco-label scheme for fishery and aquaculture products (FAPs).

In preparation of this report, a study has been commissioned to analyse existing eco-labels and other forms of communicating environmental information. This analysis was further complemented by a public consultation and direct interviews with stakeholders[2].

The present report describes the context in which eco-labels have developed in the fishery and aquaculture sector. Relevant public and private initiatives at EU and international level on environmental voluntary claims are presented. The situation of the market for eco-labelled products is described, as are the main issues raised with regard to eco-labels. Finally, the report identifies areas of possible action in relation to an eco-label scheme for FAPs and evaluates their respective feasibility.

## 2. CONTEXT

The Common Fisheries Policy (CFP) aims to ensure that fishing and aquaculture activities contribute to long-term environmental, economic, and social sustainability.

Eco-labels are a form of voluntary information to consumers. Development of eco-labels is not exclusive to fishery and aquaculture. Over the last twenty years, public and private schemes have developed in a number of fields. Schemes in forestry[3] and general agriculture[4] show differences in design and requirements compared to fishery and aquaculture schemes and are not comparable in terms of standards. In terms of market presence, the main eco-labels for fisheries and aquaculture products are similar to private labels such as those operated in forestry, even if logo recognition may be lower.

As regards government recognition of the schemes, these sectors show no difference from the current situation in the fishery and aquaculture sector, i.e. there is no specific EU regulation, which is currently applied to them, with the exception of organic certification. The general principle applicable to voluntary information to consumer applies, providing that the claims must be clear and verifiable.

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[1] Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations (EC) No 1184/2006 and (EC) No 1224/2009 and repealing Council Regulation (EC) No 104/2000, OJ L 354, 28.12.2013, p. 1–21.

[2] http://ec.europa.eu/dgs/maritimeaffairs_fisheries/consultations/eco-label/index_en.htm

[3] For instance the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification – PEFC

[4] For instance fair trade or the Roundtable on Sustainable Palm Oil (RSPO)

According to the definition provided by the United Nations' Food and Agricultural Organisation (FAO), eco-labels entitle a product to bear a logo or statement certifying compliance of its production with conservation and sustainability standards. Certification is carried out by a third party to give assurance that the production process conforms to specified requirements. In order to ensure that eco-labelled products placed on the market come from certified sources, measures shall be put in place to ensure traceability of both the products and their certification.

Eco-labelling in the fishery sector started in the 1990's. While organic aquaculture is regulated in the EU[5] since 2010, sustainable aquaculture certifications emerged in the early 2000's and are growing rapidly. Eco-labelling in these two sectors is different, and tackles different sustainability aspects. While in fisheries the focus is mainly on stock conservation, in aquaculture the emphasis is mostly on potential negative externalities generated by production such as disruption of natural ecosystems or water pollution.

A specificity regarding eco-labels for FAPs is that the majority are private and international and there are almost no public ones that comply with requirements established for environmental labels according to ISO14024 Type I. defined by the International Organisation for Standardisation (ISO) for environmental labels and declarations. In 2014, ISO also started to develop a standard on the minimum requirements for the certification of products from sustainable marine fisheries, which is expected to be published in 2017-2018.

A more holistic definition of sustainability, which also includes economic and social aspects, has recently started to be integrated in eco-labels.

Eco-labels operate in a context where consumers receive a multitude of messages on the sustainability of fishery and aquaculture products, including consumer guides, NGOs' campaigns and voluntary codes of conduct. The sheer mass of information on sustainability has given rise to controversy and some confusion. This issue is also prominent in other markets. Faced with a profusion of labels or environmental claims, EU consumers often find it difficult to differentiate between products and to trust the information available. In addition, environmental claims on products may not always meet legal requirements for reliability, accuracy and clarity. [6]

## 3. ACTION AT EU AND INTERNATIONAL LEVEL ON VOLUNTARY CLAIMS

Over the past decade, several initiatives have been taken by the European Union to support the clarity and credibility of voluntary claims, to establish instruments that enable consumer to make informed choices and to ensure a high level of consumer protection while promoting consumer interests in accordance with Article 169 TFEU.

In terms of EU legislation, provisions have been adopted that deal with both the content of the claims and their certification by third parties. Rules on consumer

[5] Commission Regulation (EC) No 710/2009 amending Regulation (EC) No 889/2008 laying down detailed rules for the implementation of Council Regulation (EC) No 834/2007, as regards organic aquaculture animal and seaweed production. OJ L 204, 6.08.2009, p. 15–33

[6] Consumer market study on environmental claims for non-food products: http://ec.europa.eu/consumers/consumer_evidence/market_studies/environmental_claims/index_en.htm

information accompanying fishery and aquaculture products have been reviewed and allow the provision of environmental information on a voluntary basis, provided that this is clear, unambiguous and verifiable[7]. In parallel, requirements for accreditation have been established in the area of certification. This includes the condition that one single national accreditation body ensures public control on certification bodies[8].

Non-legislative initiatives have also been developed to provide guidance on voluntary claims. The EU approach to sustainability assurance schemes and fair trade certifications was presented in 2009[9]. Maintaining the voluntary and non-governmental nature of these schemes was emphasised together with the importance of transparency and adequacy of information. This non-legislative approach was reinforced in the Communication on agricultural product quality policy[10]. Besides, the work of the Multi-stakeholder Dialogue on Environmental Claims will feed into the Commission guidance document to support the implementation of the Unfair Commercial Practices Directive[11] in this field. In parallel, the establishment of methods to measure life cycle environmental performance is being promoted[12] and best practice guidelines for voluntary certification schemes for agricultural products and foodstuffs have been adopted[13]. Dialogue on Corporate Social Responsibility[14] also continues between the European Commission, Member States, enterprises and other stakeholders.

In addition, at the request the European Parliament, the Commission will launch in 2016 a pilot project for the assessment of voluntary claims on fisheries and aquaculture products. It will explore to what extent such claims are present on FAPs and compliant with relevant requirements.

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[7] CMO Regulation, Articles 39(1) and 39(4).

[8] Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93. OJ L 218, 13.08.2008, p. 30–47.

[9] Commission Communication on " Contributing to Sustainable Development: The role of Fair Trade and nongovernmental trade-related sustainability assurance schemes. COM(2009) 215, 5.05.2009

[10] Commission Communication on agricultural product quality policy COM(2009) 234, 28.5.2009

[11] Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive') (Text with EEA relevance), OJ L 149, 11.6.2005, p. 22–39.

[12] Communication from the Commission to the European Parliament and the Council Building the Single Market for Green Products Facilitating better information on the environmental performance of products and organisations COM/2013/0196.

One of the 26 ongoing Product Environmental Footprint pilots deals with fish and aquaculture products.

[13] Commission Communication – EU best practice guidelines for voluntary certification schemes for agricultural products and foodstuffs COM 2010/C 341/04.

[14] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions. A renewed EU strategy 2011-14 for Corporate Social Responsibility COM/2011/0681.

The recently adopted EU action plan on the Circular Economy[15] stressed again the importance of enabling consumers to make informed choices. The voluntary EU Ecolabel[16] is being reviewed under this initiative.

The Food and Agriculture Organisation of the United Nations (FAO) has set internationally recognised guidelines on eco-labelling for captured fisheries and aquaculture[17], with strong involvement of the EU in their development.

## 4. THE MARKET FOR ECO-LABELS IN FISHERY AND AQUACULTURE PRODUCTS

The EU is currently the largest market for eco-labelled FAPs. However, market penetration of eco-labelled products varies significantly across Member States and concentrates on frozen or processed products. The main consumers of seafood products (per capita consumption) are not the main buyers of products bearing eco-labels. In countries, such as France, Italy, Portugal and Spain where consumers mainly purchase fresh products, eco-labels and certifications play a marginal role[18]. On the other hand, eco-labelled products have become well established in some Member States, such as Germany and the United Kingdom[19].

The number of eco-labels remains relatively limited compared to other consumer information tools. Growth in market share involves only a few schemes.

The main private eco-labels today are the Marine Stewardship Council (MSC), which declares for 2014 the certification of 8.8 million tons of wild caught fish (i.e. 10 % of global landings), Friend of the Sea (FoS), for which available data from FAO suggests the certification of about 10 million tons of products in 2011, GLOBALG.A.P. Aquaculture Standards, for which data indicate the certification of more than 2 million tons of products in 2013, and the Aquaculture Stewardship Council (ASC) that declared over 400,000 tons of products certified in 2014. Recently, producers from EU Member States have started the certification process for their products, mainly in fisheries, signalling a new trend in the market as most eco-labelled products sold in the EU so far were imported.

These schemes have specialised on some group of species. While MSC has mainly covered white fish (certifying 45 % of global whitefish catches) and small pelagics, FoS has focused on fisheries supplying the fishmeal industry, but also covered tuna,

[15] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions. Closing the loop - An EU action plan for the Circular Economy COM/2015/0614

[16] Regulation (EC) No 66/2010 of the European Parliament and of the Council on the EU Ecolabel. OJ L 27, 30.1.2010, p. 1-19

[17] FAO Guidelines for the Eco labelling of Fish and Fishery Products from Marine Capture Fisheries. Revision 1. (2009), Guidelines for the Eco labelling of Fish and Fishery Products from Inland Capture Fisheries (2011), Technical guidelines on aquaculture certification (2011). FAO also discussed a draft Framework for assessment of Eco labelling schemes in inland and marine capture fisheries.

[18] The market share declared by the Marine Stewardship Council (MSC) is below 1 %.

[19] The MSC declares a market share over 35% in Austria, Belgium, Denmark, Germany, Sweden, the Netherland and the United Kingdom.

shrimps and prawns, mussels and salmon. In aquaculture, GLOBALG.A.P mainly covered pangasius, tilapia, salmon and shrimps and ASC has emerged on the same species as well as on bivalves and trout. There are signs that these schemes are starting to work together on common criteria and mutual recognition.

Over the past years, a few countries have established public eco-labels for fishery and aquaculture products. So far, no large-scale public scheme has emerged as an alternative to private certification. In the EU, France launched at the end of 2014 a public eco-label for fishery and aquaculture products. It is still too early to predict its potential market.

## 5. MAIN ISSUES WITH REGARD TO ECO-LABELS

Three main issues linked to currently existing eco-labels in FAPs have been highlighted in the analysis and consultation, namely: (a) credibility of the claim, (b) confusion due to the multitude of messages, and (c) market entry including costs.

(a) The issue of credibility relates to the validity of the claim made. Eco-label schemes represent the most structured type of consumer information on environmental aspects. Credibility is based on the structure of the scheme, including its standards and the transparency of the certification process.

Assurance of credibility is paramount for retailers in that it is an essential element of the brand image. Thus, credibility of the claim influences the credibility of the retailer itself. It is interesting to note that a large part of certified products are not sold with a logo, making the certification mainly a feature of the business-to-business relation rather than a form of consumer information.

(b) Confusion is often linked to the perceived proliferation of eco-labels, and the tendency not to distinguish eco-labels from other initiatives aimed at informing businesses and consumers, such as consumer guides or NGOs' campaigns.

A second source of confusion may come from the difference in content and scope of eco-labels. This potential confusion permeates all levels in the supply chain. Producers may not know which eco-label to seek certification from, as this depends on retailers' choices and on the specific features of each market. Retailers, in turn, have to select eco-labels that provide the best assurance for their image. Finally, consumers may not be aware of what each eco-label stands for.

Given the problem of choosing which particular environmental aspect to focus on and how to get the message across, this can lead to multiple certifications and different messages. The downside of this is confusion and may ultimately lead to additional costs for operators and mistrust of the claims.

(c) A third issue refers to market entry and costs for the operators. Certification under eco-label schemes involves audits, inspections and assessments. On top of this, other costs may be incurred, e.g. for the use of the eco-label logo. This process implies costs and administrative burden, which are not necessarily reflected in sale prices for the producer. The cost linked to certification is of particular relevance for small-scale producers. Some schemes have used their own resources to set up outreach programmes and NGOs actively support certification for small-scale producers.

Furthermore, certification has become essential for producers and traders to sell to specific markets that will otherwise remain closed or undervalued.

At the same time, it provides a way for producers to differentiate their products and access new markets.

## 6. POSSIBLE ACTIONS BY PUBLIC AUTHORITIES

Over the past decade, initiatives have developed at EU and international level to address environmental claims. As presented under Point 3 above, this includes the adoption by the EU of a number of legislative and non-legislative acts.

For the purpose of the feasibility analysis, three options for action by the EU were identified: effective use of available tools, development and possible application of minimum requirements and establishment of a Union-wide eco-label.

### 6.1. Option 1: No change: current legislation and effective use of available tools.

One option for an EU action in the domain of eco-labels for FAPs would consist in strengthening the control of existing regulations and further supporting the implementation of available tools, including e.g. marketing measures under Article 68 of the European Maritime and Fisheries Fund (EMFF). The assessment and control of voluntary claims may prove effective in strengthening credibility. Operators and consumers would definitely benefit in either case.

As for avoiding confusion stemming from multiple messages, this would be limited: while it would be possible to check the content of claims included in the product labels, other forms of information that fall outside this realm would not be subject to control.

As regards costs for the operators, an effective use of available funding opportunities would enable producers to access new markets while reducing the costs they have to bear for the certification. In particular, support to certification is available to EU producers through the EMFF and to producers in developing countries through development programmes.

The possibility to include FAPs into the existing EU Ecolabel could be explored considering foodstuffs are already eligible in this framework. Based on the current experience on criteria development the process of establishing new criteria set would take at least 3 years and investment of resources. It must be recalled that organic aquaculture is regulated and that an analysis carried out in 2011 was not conclusive on the feasibility and added value of establishing EU Eco-label criteria to cover the environmental performance of foodstuffs[20].

[20] http://ec.europa.eu/environment/ecolabel/documents/EUEB_position_on_food_final.pdf

By resorting to existing EU legislation and tools, the criteria of added value, subsidiarity and proportionality would be fulfilled. On the other hand, additional funding may be necessary for control activities in order to check compliance of voluntary claims with existing legislation.

### 6.2. Option 2: Minimum requirements set by the EU

This option looks at the possibility for the EU to set minimum requirements on sustainability claims for FAPs. This option would provide a coherent framework for comparing the content of these claims.

Action in this area would effectively address potential confusion on the nature of the environmental claims, thus reducing mistrust by consumers. It would also tackle the issue of credibility, as certification processes would be based on valid relevant requirements. However, it would not address the issue of costs to be borne by the producer for the purpose of certification.

This option would translate into setting sustainability standards taking into account FAO guidelines in this field and indicators already established in the Common Fisheries Policy (CFP). It would imply drawing up two sets of standards at EU level specific to fisheries and aquaculture given the inherent differences between these two production methods.

The implications would include extensive preparation and consultation, including periodical review of the standards, and the adoption of new legislative acts by the EU.

An alternative approach would be to focus on minimum requirements of the certification process. This option has already been pursued through action at EU and international level. Existing legislation ensures control of critical steps in the certification process. Detailed recommendations regarding scheme development, requirements and corresponding claims already exist. Examples of best practices in certification are also documented in the Codes of Good Practice of the International Social and Environmental Accreditation and Labelling Alliance (ISEAL) and in FAO guidelines and will be integrated in the ongoing work of ISO.

Another alternative could be for the Commission to present recommendations and best practices. Such non-legislative initiative could incorporate international references on ecolabelling in fisheries and aquaculture and similar approach in the field of environmental claims of food and non-food products. This could increase transparency and facilitate a common understanding by ecolabel schemes, operators in the supply chain and public authorities. It would imply similar consultations and preparation as for the previous sub-options but would not require legislation.

### 6.3. Option 3: Establishment of an Union-wide eco-label scheme

The creation of a self standing Union-wide voluntary eco-label scheme for FAPs would imply a definition of requirements. On top of this, procedures for review, certification, labelling and dispute resolution would also need to be developed together with measures to promote this new scheme. The scope should include both fisheries and aquaculture as well as all products sold in

the EU independently of their origin. This is particularly relevant for this sector considering that the EU imports 65% of its fish consumption and that, developing countries represent a substantial part of the supply.

Action in this area may bring positive effects in terms of credibility of eco-labels, as the existence of a public scheme may lead to higher standards and certification performance. The presence on the market of a public eco-label may also reduce confusion regarding the content of environmental claims. However, it is not clear whether it will have any impact on the provision of other types of environmental information to consumers neither where it will fit in a market where a number of recognised labels already exist. In terms of costs for the operators for the certification, some savings could be made as regards the use of the logo as this would be public. However, costs linked to the certification of the products may not significantly change.

A Union-wide scheme will not stop the proliferation of eco-labels, and may increase complexity by introducing another label on the market. It may in particular undermine the organic logo. On the other hand, the presence of a dedicated public eco-label for FAPs could expand the array of choices currently available to producers and retailers and reduce the risk that established private eco-labels become too dominant.

This option would require the adoption of a new legislation, as well as the allocation of resources to the management of the scheme. The costs of developing, implementing and promoting a Union-wide eco-label dedicated to FAPs can be compared to those incurred for the establishment of the organic certification and EU Eco-label, and are significant in comparison to the other options presented.

## 7. CONCLUSIONS

Eco-labels in FAPs have become increasingly important over the past decade. Volumes of eco-labelled products are now substantial, yet concentrated in some EU markets and products. Over the same period, the EU has adopted a number of regulations and launched initiatives to promote consumers protection and regulate the provision of environmental information. Analysed globally with other sectors, there is no major specificity of eco-labels in fisheries and aquaculture products.

Today, eco-labels in the fishery and aquaculture sector serve multiple purposes: they give assurance to retailers as regards the sustainability of the products they sell. In turn, retailers use this assurance to emphasise sustainability aspects in their consumer information campaigns and to protect their brand. Furthermore, they inform consumers on the sustainability performance of a product. Eco-labels also allow differentiating products in the market and may help consumers to make a choice.

Much is made of the role of consumers and demand for eco-label is often assumed. However the critical link is between the supplier and retailer. Eco-labels may help avoid a much larger proliferation of retailer-based certification or self-declaration.

The report has highlighted a number of issues linked to eco-labels. Firstly, the credibility of the claims is linked to the existence of a robust certification process.

Secondly, confusion is related to the perceived proliferation of eco-labels and to the parallel use of other communication tools, as well as to the difference in content and scope of eco-labels. Finally, costs linked to certification may be substantial for producers although sale of eco-labelled products may open up new markets.

**Three options for action by public authorities** have been analysed in this report which show different results in terms of EU added value, costs, subsidiarity and proportionality.

The **first option** – no legislative change and effective use of available tools would prove effective in addressing the credibility of claims, but would not improve the state of confusion resulting from multiple messages, since consumer information that falls outside existing EU regulations would not be subject to control. As regards costs, use of public funds could help reduce the costs of certification for producers.

This option satisfies the criteria of added value, subsidiarity and proportionality, as it is based on already adopted legislation. On the other hand, additional funding may be necessary to strengthen control of voluntary information on food labels.

The **second option** – setting of minimum requirements on sustainability and certification process– would address issues such as potential confusion and credibility. It would imply extensive preparation and adoption of new legislation or a recommendation at EU level. Similar objectives could, alternatively, be reached by supporting international standards that are being developed.

The **third option** – the establishment of a self-standing Union-wide eco-label scheme for FAPs may bring positive effects in terms of credibility of eco-labels by creating incentives and an effective public control. The issue of the confusion on the content of environmental claims could also be improved, while it is not clear whether there would be any effect on the provision of other types of environmental information to consumers. In terms of costs for the certification, only limited savings could be achieved.

New legislation would need to be adopted to establish such Union-wide scheme. Given the differences in market penetration of eco-labelled products across Member States, and the premature stage of implementation of national schemes, action at EU level could be contested from a subsidiarity viewpoint. Similarly, the impossibility to detect explicit market failures may raise questions as regards the added-value of EU action, and the proportionality of this choice. The costs of this option are significant compared to the other two options.

The CFP is expected to deliver on sustainability by 2020 at the latest, partially reducing the need for a public label as a driver of sustainability. Furthermore, the dual role of the EU in improving environmental sustainability through the CFP and setting criteria for assessing sustainability may raise consistency issues.