

CHAPTER 4



Credibility in Sustainable Aquaculture Eco-Labeling

The global seafood industry is confronting a sustainability paradox. On one hand, demand for protein-rich seafood is growing, particularly in the developing world. On the other, there are signs that oceanic ecosystems are straining under the surge in demand. A mounting body of evidence suggests that existing practices of wild-catch fishing cannot sustain current levels of human consumption. Between 1950 and 2007, the total landed catch from wild-capture fishing almost quintupled, from around 20 million to about 95 million metric tons (Sachs 2007). While the advent of industrialized fishing accounts for some of this growth, much of the increased consumption stems from rising demand, particularly in Asia. In China, rising per capita income has fueled an annual increase in fish consumption of 5% on average since 1993 (FAO 2016). The strain of this demand has already led to the collapse of some wild fisheries (e.g., Atlantic cod) and the near collapse of others (e.g., orange roughy).

Aquaculture is often touted as the solution to the sustainable seafood challenge. Proponents note its ability to supply edible protein more efficiently than other agricultural processes and have dubbed the rise of aquaculture “the Blue Revolution,” a reference to the Green Revolution which saw a dramatic rise in grain yields from 1950 onward (Sachs 2007). On average, aquaculture converts feed to edible protein as efficiently as poultry, which makes it a more attractive option than beef or pork for satiating world demand (Waite, Phillips, and Brummett 2014). Additionally, some environmentalists believe that aquaculture can help relieve pressure on wild stocks. For these reasons, aquaculture production has expanded

rapidly over the last thirty years. Between 1980 and 2010, production of seafood by aquaculture expanded by a multiple of twelve at an average annual rate of 8.8% (FAO 2012, 8). Aquaculture now accounts for over 50% of the seafood consumed by humans (FAO 2016), and scientists estimate that production will need to double again by 2050 in order to meet the demands of a growing population (Waite, Phillips, and Brummett 2014).

Notwithstanding the potential of aquaculture to feed a growing human population, the industry's growth has been accompanied by a host of environmental, labor, and human health concerns. Some environmentalists point out that aquaculture does little to relieve pressure on wild stocks since supplying feed to farmed fish often involves fishing smaller, wild-caught species to the brink of extinction (Deutsch et al. 2007; Naylor et al. 2000). Moreover, fish farms have been criticized for spreading disease and parasites from farmed populations to wild species and putting human health at risk (Gozlan et al. 2005). Numerous aquaculture fisheries have come under scrutiny for misusing antibiotics, leaving residue in human food and increasing the potential growth of harmful drug-resistant bacteria. Aquaculture facilities have also been associated with habitat destruction, particularly for tropical mangroves that are often cleared to accommodate production facilities. Finally, scientists worry about the genetic diversity of certain species should farmed fish escape and interbreed with wild populations (FAO 2014).

Addressing the environmental problems associated with aquaculture therefore falls under the remit of global environmental governance, yet state and international organization (IO) regulatory action has been modest because of the collective-action problem posed by the issue. While all countries would benefit from international laws governing aquaculture production, individual producer states have little incentive to act. Efforts to form a comprehensive global regime are further hampered by the diversity of actors involved in aquaculture (including farmers, processors, distributors, and retail chains) and by a lack of enforcement mechanisms. For this reason, IO-led efforts to govern aquaculture have largely consisted of voluntary, non-binding sets of principles; for example, chapter 17 of *Agenda 21*, the FAO's *Code of Conduct for Responsible Fisheries* and *Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests*, the multi-stakeholder *Common Oceans* or *Areas Beyond National Jurisdiction* (ABNJ) program, and the World Bank's *Global Partnership for Oceans* (GPO). These various state-, IO-, and civil-society-led initiatives have helped define common principles and aspirations for sustainable aquaculture, but they have largely avoided setting clear and precise rules for the aquaculture industry. In the absence of a comprehensive regulatory

regime, a number of TNG initiatives have emerged in the form of consumer-facing eco-labeling programs.

This chapter tests the aiming big hypothesis developed in chapter 3 and probes some of the alternate hypotheses discussed in chapter 2 by examining best practice adherence among aquaculture eco-labels. Aquaculture is ideally suited for testing broader hypotheses about procedural credibility in eco-labeling because it replicates conditions that are common in many other sectors. As in the broader population of eco-labeling organizations, ELOs in sustainable aquaculture create standards that address emergent environmental issues and involve governing GVCs. They seek to address the environmental impacts of production processes on common pool resources and they operate in an environment where states and IOs have yet to establish comprehensive regulatory regimes. Also typical of the broader practice of transnational eco-labeling, ELOs in aquaculture are geographically dispersed and represent a range of ownership structures, from industry-funded to NGO-led initiatives. Lastly, as in the broader population of cases in chapter 2, there is considerable variation across the various dimensions of best practice adherence between the four principal aquaculture ELOs.

The chapter's central argument is that this variation between the four aquaculture ELOs can be explained with reference to whom they target for governance. The sequence of causal mechanisms driving best practice adherence varies for each case, but reflects the hypothesized sequences of causal mechanisms outlined in chapter 3. I arrive at these findings by employing two methodological approaches. First, I use within-case process tracing for each of the four ELOs analyzed in this chapter to determine which conditions or forces temporally preceded the decision to follow, or not follow, best practices. Here, the evidence strongly suggests that a decision to aim big by targeting large, multinational retailers or certifying a significant portion of the global aquaculture market precipitates increased conformance with best practices. Second, I use cross-case comparison to show that where the ambition to aim big was absent, ELOs were less likely to follow best practices. Comparative case studies also allow me to further investigate some of the alternate hypotheses explored in chapter 2. I pay particularly close attention to whether private ownership, NGO sponsorship, or non-profit status (variables that were significantly related to IBP score in my statistical analysis) drive best practice adherence.

In tracing the trajectory of these four aquaculture ELOs, I draw data from three sources. First, primary documents—including standards, annual reports, minutes of board meetings, website materials, and policy statements—provide an idea of an ELO's current approach to best

practices. Second, web-based archives allow me to trace the evolution of an ELO's approach to best practices over time.¹ Third, targeted key informant interviews with aquaculture ELO employees, industry experts, NGO personnel, and relevant public officials provide insight into what motivates an ELO to adopt a particular approach to best practices.² My interview strategy involved asking broad, open-ended questions about what drives best practice adherence, followed by narrower questions designed to probe hypotheses identified in my statistical analysis. My objective was to avoid biasing interview responses toward a particular explanation but also to probe promising variables that might exert influence on best practice adherence across multiple sectors.

I begin by reviewing the existing landscape of eco-labeling activity and providing some background information on the four cases studied in this chapter. Next, I provide an in-depth quantitative and qualitative analysis of where and how the four ELOs differ across the various dimensions of best practice that constitute procedural credibility. I then process trace the evolution of each of the four ELOs and show the causal effect of aiming big on best practice adherence with reference to my hypothesized causal mechanisms. I conclude by summarizing my findings and discussing practical implications for sustainable aquaculture.

THE ECO-LABELING LANDSCAPE IN AQUACULTURE

Eco-labeling in aquaculture certification is a relatively new field. The International Institute for Sustainable Development (IISD) estimates that roughly 6% of global aquaculture production is currently certified to an eco-labeling scheme (Potts et al., 2016). Yet the volume of certified products is expected to grow, particularly as supermarket chains consolidate their role as the primary distributors of seafood products worldwide (Washington and Ababouch 2011, 113). Of the various consumer-facing certification and labeling schemes, four ELOs in particular have managed to garner transnational market presence: the ASC, BAP, FOS, and Naturland.³ As in the broader population of ELOs, aquaculture eco-labels possess varying levels of best practice adherence and are owned and operated by a mix of NGOs, industry associations, and purpose-built not-for-profit organizations. They are located in both Europe and North America, possess different levels of market penetration, and emerged onto the market at different times. As such, they provide fertile ground for assessing how organizational and contextual differences have conditioned their adherence to best practices.

The first of these organizations, at least alphabetically, is the ASC which was founded in 2010 by the WWF and IDH as a not-for-profit organization with headquarters in Utrecht, the Netherlands. The ASC was created to manage the global standards for responsible aquaculture developed through the WWF Aquaculture Dialogues, a series of roundtable discussions that began in 2004 and involved consultation with over two thousand farmers, scientists, NGOs, retailers, and other industry stakeholders. The Dialogues initially consisted of eight different roundtables, focusing on a different farmed seafood species (e.g., salmon, tilapia, pangasius, etc.). Each took between two and eight years to complete and eventually yielded a number of species-specific, responsible aquaculture standards. Following their conclusion, the WWF initially approached the MSC to manage these standards, however the MSC declined this opportunity.⁴ Subsequently, the ASC was created as a free-standing organization with sole ownership over standards and responsibility for all future standard-setting and maintenance activities. The ASC is therefore a typical example of an ELO with roots in an existing ENGO and is modeled after the FSC and MSC, also founded by the WWF. While the ASC is itself a relatively new organization, its policies and procedures can be traced back to the Aquaculture Dialogues. Hence the analysis presented later in this chapter will encompass the period prior to the ELO's formal incorporation.

The ASC manages and develops broad standards that cover both the environmental and social aspects of responsible aquaculture. All standards contain criteria that relate to preserving biodiversity, water resources, natural environments, and wild populations but also contain social criteria (e.g., not employing child labor). Farms become certified to ASC standards through independent, third-party audits performed by certification bodies that are accredited by Accreditation Services International (ASI), which also ensures the competency of MSC and FSC auditors. While the ASC standards have emerged only recently, they have rapidly gained global market share and hold the potential to expand even further in the near future. As of 2015, nearly 150 companies are certified to the ASC standards, encompassing over 2,500 labeled products and representing more than 500,000 metric tons of certified seafood (Aquaculture Stewardship Council 2015). This market share is poised to grow as the ASC continues to secure commitments from major seafood producers. Recently, the members of the Global Salmon Initiative (GSI), which represents 70% of global farmed salmon production, committed to certifying all of their farms to the ASC's salmon standard by 2020 (Aquaculture Stewardship Council 2015).

One of the ASC's main competitors is the Global Aquaculture Alliance's (GAA) BAP program.⁵ GAA is an industry association that represents

seafood farmers around the world. Headquartered in St. Louis, MO, GAA was formed in 1997 in response to a call for a global moratorium on shrimp farming orchestrated by environmental NGOs like Greenpeace (Lee and Connelly 2006). In 1999, the GAA responded by developing a booklet of best management practices from shrimp farmers, which it later converted into a complete standard for responsible shrimp farming. In the ensuing years, GAA's best management practices were broadened to include other species and encompass the full aquaculture value chain, from hatcheries and feed production to farms, processors, and retail buyers. BAP received nearly all of its seed funding from industry sources and is therefore representative of an industry-led eco-labeling organization.

Much like the ASC, BAP standards cover general aspects of responsible aquaculture, including environmental, social, and health-related criteria. Standards are divided into different species groups, but each of them contains criteria related to habitat conservation, water quality, disease control, and labor relations, among other aspects. Certification against the BAP standards was initially conducted by the Aquaculture Certification Council (ACC), a nominally independent organization established in 2003 by GAA. That organization is defunct and BAP now employs independent certification bodies accredited under ISO/IEC Guide 65. As of March 2018, over 2,000 facilities have received BAP certification, making it one of the most widely used responsible aquaculture certifications on the market, and BAP-certified processing plants produce roughly 1.8 million metric tons of certified seafood every year (GAA 2018). Furthermore, BAP has cemented relationships with major retailers like Walmart and Tesco thereby ensuring its market share will continue to grow in the future. In 2011, Walmart announced that 100% of the farmed seafood sold in its US stores would be certified to BAP standards (Sinclair 2013). In terms of volume of goods and number of facilities certified, BAP is therefore one of the largest of the four aquaculture ELOs analyzed in this chapter.

FOS is a purpose-built, non-profit ELO with headquarters in Milan, Italy. The organization was founded in 2008 by Dr. Paolo Bray, the European Director of the Earth Island Institute's Dolphin-Safe tuna labeling project. Small and entrepreneurial, it was initially privately funded by its founder with some support from the European Union but is now funded entirely by logo licensing fees and sporadic event-related sponsorships (Friend of the Sea 2013). FOS maintains a skeleton staff in its main office and conducts most of its standard-setting and governance activities online. It is the only ELO studied here that offers

standards for both wild and farmed seafood products. Similar to the ASC and BAP, FOS standards for aquaculture are broad and cover both social and environmental criteria. Certification activities are conducted by independent auditors accredited by national accreditation bodies. While FOS-certified aquaculture facilities are present in 25 countries, over 50% of the products it certifies come from artisanal fisheries and small-scale producers (Sullivan 2012, 12). Reliable figures on FOS's market share for aquaculture are difficult to come by, since it does not provide statistics on volume of production certified. As of 2017, FOS works with about 122 aquaculture producers (FOS 2018). Until recently, it has been less widely used than other certifications.⁶

Lastly, there is Naturland. Naturland is a non-profit, organic certification and labeling organization headquartered in Gräfelfing, Germany. It was established in 1982 and released its first standard for organic agriculture that year. Naturland offers organic standards across a range of agricultural products and is an affiliate of the International Federation of Organic Agriculture Movements (IFOAM), the global umbrella organization for organic certification bodies. Naturland got involved in aquaculture around 1995, working mostly with small German producers on organic carp and salmon. In 1998, the ELO was approached by the German Development Agency to develop a standard for shrimp farming in Ecuador in response to growing concerns about environmental impacts and poor product quality.⁷ Following the development of the first organic-farmed shrimp standard, Naturland broadened its certification activities to include more farms, regions, and species of fish. Naturland derives its funding from a variety of sources, including public and private grant funding and logo licensing. Much like organic standard-setting bodies in other sectors, it is a non-profit, purpose-built ELO.

Naturland's aquaculture standards apply organic principles to farmed seafood. Its standards include both social and environmental criteria and pay particular attention to site selection, use of chemicals, stocking densities, and genetically modified organisms (GMOs) in feed. Certification to Naturland standards is conducted by a handful of established certification bodies accredited to various ISO standards. Naturland's aquaculture standards are used internationally but currently hold a relatively limited share of the market. The organization supplies major retailers in Europe, but admits that many retailers have been reluctant to expand the range of organic or "environmentally responsible" products they offer.⁸ As such, Naturland commands less market share than ASC, BAP, or FOS.

THE CREDIBILITY GAP: EXPLORING DIFFERENCES BETWEEN AQUACULTURE ECO-LABELING ORGANIZATIONS

The four ELOs just described not only differ in their origins, funding, head-quarter location, content of their standards, and target audiences, they also differ in their level of adherence to best practices. Of the four organizations, two (the ASC and BAP) can be labeled highly adherent to best practices while the other two (FOS and Naturland) are only moderately so. A summary graph of how each ELO performed across the ten IBP categories in 2013 is presented in figure 4.1.

The ASC emerges as the most adherent of the aquaculture ELOs with a total IBP score of 0.88.⁹ In relation to the broader population of ELOs examined in chapter 2, this score places the ASC among the top 5% of all transnational ELOs. Following the ASC is the industry-led BAP which scores 0.78 across all categories. In third place we find the non-profit, organic-standard-setting organization Naturland, with a cumulative score of 0.66. Lastly, the entrepreneurial non-profit FOS finishes behind the other three with a score of 0.54. It is worth noting that all of the four ELOs score at

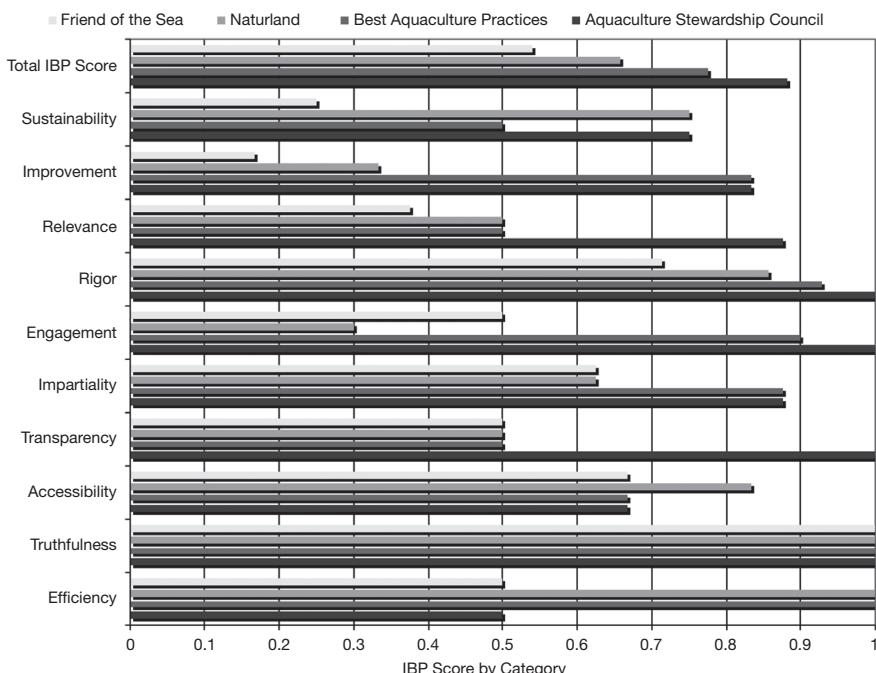


Figure 4.1 Comparison of aquaculture ELOs on total and category-specific IBP scores

or above the mean IBP score for the entire population of transnational ELOs captured in the dataset presented in chapter 2. This suggests that eco-labeling organizations in aquaculture are, on average, more adherent to best practices than their peer organizations in other sectors. Hence the results presented below should be interpreted with the caveat that none of these organizations lack procedural credibility. At worst, they are average. At best, they are exemplary.

While cumulative IBP score is a useful measure for broadly determining where each ELO falls vis-à-vis its competitors, it tells us little about the nature of the differences and similarities between these organizations. To capture the qualitative dimension of variation in best practice adherence, it is worthwhile examining key areas of overlap and divergence across the ten categories of best practice identified in the IBP. These comparisons, discussed in the following sections, reflect the state of ELO practices in 2013, when this study was performed. Some of the ELOs may have modified their practices in the ensuing years. Readers can refer to figure 4.1 for a visual representation of comparative performance in each category.

Sustainability

Best practices related to sustainability ensure that ELOs clearly define their environmental objectives and advance strategies to achieve them. The four ELOs differ modestly in this category. While all four present some form of environmental vision or mission statement, they differ in the clarity of the strategies they use to achieve these objectives and the systems they have in place to monitor and evaluate progress toward their objectives. Both the ASC and Naturland have reasonably well-articulated strategies for how they plan to ultimately achieve their environmental objectives and robust traceability systems that ensure the veracity of labeled seafood that claims to advance their objectives. The same cannot be said of BAP and FOS. None of the ELOs studied here has a well-developed impact M&E program in place yet. Only the ASC and BAP possess rudimentary metrics for measuring the potential impact of their standard systems.

Improvement

Best practices related to improvement mandate that ELOs continuously seek to improve their standards through regular reviews,

integrating learning from M&E programs, and by keeping firms certified to the latest version of their standards. The ASC and BAP emerge as noticeably better than their competitors in this category. Both organizations have clearly articulated policies for reviewing and revising their standards every 3–5 years. By contrast, FOS and Naturland indicate that they review their standards but provide no clear or public information on how often this occurs. Whereas the ASC and BAP mandate a clear transition period and set a firm date for when firms are expected to comply with an updated standard, FOS and Naturland do not.¹⁰ Lastly, the ASC has well-defined principles in place to suggest that it uses learning from M&E programs to inform standard development and revision, however it shows little evidence of having a M&E team or any resources dedicated to impact monitoring. BAP also suggests that it strives for continuous improvement but does not mention incorporating evidence from or dedicating resources to M&E. FOS presents no public information on how its standards are monitored or improved. Naturland indicates that it works to develop its standard in accordance with scientists and experts but presents little evidence of how this is accomplished or whether it attempts to incorporate evidence from M&E programs.

Relevance

Best practices related to relevance mandate that ELOs develop standards that address the most pertinent environmental impacts of a product or business, mitigate any risks associated with the use of their standards, and ensure that their standards are appropriate for local conditions. Modest differences separate the four ELOs on these practices. Each, with the exception of FOS, acknowledges the need to consider local physical, economic, or cultural conditions in standard development and implementation. However, none offer specifics on what this looks like in practice. Each claims to develop unbiased standards that do not disadvantage particular regions or types of aquaculture facilities. The ASC stands out in this category for devoting a phase of standard development to assessing the risks inherent in standard development and revision, including unintended consequences that could result from standard implementation. None of the other ELOs explicitly mention addressing risks in the creation of their standards.

Rigor

Best practices related to rigor ensure that ELOs set the level of achievement in their standards appropriately high and possess robust compliance monitoring systems that provide an accurate picture of whether certified firms or products meet their standards. There is modest variation between the four ELOs on practices related to rigor. All ELOs employ experts and persons with first-hand experience in standard setting, however there is some difference in transparency regarding which types of experts are involved. All ELOs offer clear standards and routinely conduct audits to check continued conformance with their standards. All also employ well-trained and accredited compliance auditors. However, only the ASC and BAP suggest they provide ongoing training for their conformance assurance bodies to ensure they stay current on developments in the standard. All ELOs mandate on-site visits as part of conformance assessments. However, only the ASC and Naturland make provisions for unannounced or surprise audits. Lastly, all ELOs have well-defined policies in place for dealing with major or minor non-conformances in certified or prospectively certified facilities. However, the exact changes demanded of non-compliant Naturland clients is somewhat ambiguous.

Engagement

Best practices related to engagement ensure that ELOs provide meaningful and accessible opportunities for stakeholders to participate in all aspects of standard setting and ELO governance. Here, we find a significant gulf between the ASC and BAP programs and their competitors, with the ASC and BAP outperforming the other two ELOs on nearly all engagement practices. Whereas both the ASC and BAP have robust and publicly available policies to identify and proactively engage key stakeholders, FOS and Naturland do not. FOS makes it clear that stakeholders can participate in technical committees by submitting their curriculum vitae (CV) to the ELO, however it does not disclose how it screens stakeholders and makes no proactive effort to recruit stakeholders. Similarly, while Naturland says that it incorporates the advice of growers, processors, consumers, and scientists, it provides no public information on how stakeholders may get involved in its certification activities. Both the ASC and BAP disclose standards under development and offer clear time frames for stakeholder input on their websites. FOS and Naturland do not; nor do they publicize procedures for public review and comment on standards mentioned. Both ASC and BAP

have robust systems in place to accept stakeholder comments, respond to them, and publicly disclose those comments and actions taken on their websites. FOS alludes to accepting stakeholder comments but provides neither records of these comments nor responses to them. Likewise, while Naturland references stakeholder comments, it does not provide any evidence of how these comments are integrated into the final standard-setting material. Lastly, while the ASC has a well-defined and public complaints procedure for its standards and for specific certification processes, the complaints policies of the other ELOs are far less clear. Engagement thus marks a significant area of variation on best practice adherence.

Impartiality

Best practices related to impartiality mitigate against conflicts of interest in standard setting and conformance assessment and compel balanced representation and complete transparency in governance structures. In this category, as well, we can observe considerable divergence between the four aquaculture ELOs, significantly around the transparency of governance arrangements. Whereas both the ASC and BAP are completely transparent about how their governing bodies are structured and how people are elected to them, neither FOS or Naturland provide sufficient information about the criteria for joining a governing body or where ultimate authority for standard content lies. While all four mandate consensus decision-making in their key governance bodies, Naturland does not provide any information on how consensus is defined. In keeping with best practice, all ELOs are financially independent from their conformance assessment bodies, thereby ensuring impartiality in auditing procedures. However, not all ELOs follow best practices for balancing representation on their governing boards. At present, all of the ASC's principal governance bodies (except the Executive Board) encompass a fifty-fifty balance of industry and non-industry stakeholders. However, this balance of stakeholders is not codified in formal governance documents, hence there is no guarantee that future conflicts of interest will not arise. BAP also attempts to ensure a balance of stakeholders in its governance bodies. Membership on the Standards Oversight Committee and Technical Committees is targeted at four representatives each from industry, NGOs, and academic/policy organizations. Although here, as well, these are suggested balances and not mandatory requirements. FOS does not make publicly available any information on its conflict-of-interest policies and does not attempt to balance stakeholders on its governance bodies. Similarly, Naturland does not offer

a conflict-of-interest policy, however it does suggest that its Certification Committee is totally independent of the Naturland Association.

Transparency

Best practices related to transparency mandate that ELOs make public the content of their standards, list which firms are certified to their standards, and publicly disclose the audit results of those firms. Here, again, the ASC distinguishes itself from other aquaculture ELOs as the only one that makes audit reports on certified farms publicly available on its website, while the others make only their standards available. The ASC goes further and maintains a current list of all certified farms, certified suppliers, farms under assessment, and farms with withdrawn certificates on its website. The other three display lists of certified facilities and facilities pending certification, but none of them disclose withdrawn certifications.

Accessibility

Best practices related to accessibility reduce barriers to certification or participation in standard governance for disadvantaged stakeholders and firms or persons in developing countries. There is not much to separate the four ELOs in this category, although Naturland distinguishes itself modestly on certain accessibility practices. All ELOs could provide more opportunities for disadvantaged stakeholders to provide input into standard setting. The ASC, in its standard-setting procedures, suggests field-testing standards and translating them into local languages as a means of reaching out to the most affected stakeholder groups. However, it demonstrates little evidence of how this has worked in practice, since it only recently took over standard-setting procedures from the Aquaculture Dialogues. Similarly, Naturland has made some efforts to engage vulnerable stakeholders through regional working groups but acknowledges that its ability to fund stakeholder participation is quite limited. Neither BAP nor FOS publicly present any information on their attempts to engage with vulnerable stakeholders in decision-making relevant to standards. Both take a passive approach, allowing stakeholders to participate through their websites. All four ELOs translate their standards into a number of languages and structure certification fees in a way that makes their standards accessible to smallholders. ASC is currently working toward a group certification program that would allow groups

of farms to work collectively toward compliance with its standards, thereby minimizing auditing costs. However, as of writing, no such program has been launched and ASC certification remains inaccessible to a large number of smaller aquaculture facilities. BAP recently launched the iBAP program, an initiative designed for producers that face technical and infrastructure-based challenges in achieving BAP certification. FOS and Naturland both use scaled pricing models that make them affordable to small-scale fisheries.

Truthfulness

Best practices related to truthfulness ensure that all claims associated with an ELO's standards are clear, precise, legally protected against unauthorized use, and encompass all relevant environmental impacts. All four ELOs are in full conformance with best practices in this category. All claims associated with their standards use accurate and precise language, avoid overstatement and ambiguity, and allow consumers to make informed choices. Moreover, all four ELOs take a holistic view of environmental impact across the lifecycle of aquaculture products and make efforts to mitigate impacts across the entire value chain. Lastly, all four ELOs legally protect their logos and use publicly available licensing agreements to guard against unauthorized use.

Efficiency

Best practices related to efficiency ensure that ELOs are collaborating with other credible organizations in their field and avoid unwarranted duplication of existing standards. While figure 4.1 may give the impression of significant variation in this category, the difference between the four ELOs is actually quite minor. There is broad collaboration on auditing procedures between the ASC, BAP, FOS, and Global G.A.P. Memoranda of understanding for unifying procedures have been signed between various parties, and there are efforts to streamline and harmonize certification procedures through the Global Sustainable Seafood Initiative (GSSI). Naturland is less apt to collaborate because it is an organic standard. However, it is an IFOAM member and thus collaborates with other organic certification systems. A minor distinction between the four ELOs can be made on the issue of duplication. The ASC entered the market after BAP and has since tried

to differentiate itself. At the outset, it was not immediately clear that its approach would differ from that of BAP. Hence some duplication is evident. FOS also entered the aquaculture market when there was already an existing standard (BAP) targeting many of the same attributes. Moreover, there is not sufficient evidence to suggest that the level or approach of FOS is sufficiently different to avoid confusion by users. Naturland avoids duplicating existing schemes since it offers a unique organic aquaculture standard.

In sum, there are several key areas of differentiation on procedural credibility between the four ELOs considered in this chapter: improvement, rigor, engagement, and impartiality. The ASC and BAP consistently emerge as leaders across these four categories of best practice. Both are demonstrably better at practices related to improvement because they set clear timelines for revising and improving their standards and acknowledge the need for M&E programs to assess the environmental impacts of their standards and drive continuous improvement. They also demonstrate modestly better performance on practices related to rigor. Both have highly developed policies on auditor training, which is a key component of a credible eco-labeling scheme. Moreover, a sizeable difference separates the four ELOs on practices related to stakeholder engagement. Here again, the ASC and BAP outperform FOS and Naturland in proactively engaging with stakeholders and being fully transparent about how stakeholder input shapes their eco-labeling schemes. Lastly, the ASC and BAP are distinguished by practices related to impartiality. Both are fully transparent about their governance structures and attempt to balance interest groups within these structures to avoid conflicts of interest. This is a vital attribute of a credible eco-labeling system since non-credible schemes frequently create standards to “reward their friends and exclude their enemies.”¹¹

SIZE, AMBITION, AND PROCEDURAL CREDIBILITY IN SUSTAINABLE AQUACULTURE ECO-LABELING

The key question that emerges from the preceding section is: what explains the variation in best practice adherence between the ASC and BAP on one hand and FOS and Naturland on the other? As the following case studies suggest, the targets of governance, and specifically a desire to aim big, in the former two ELOs explains their superior adherence to best practices.

The ASC

For the ASC, the ambition to be “the world’s leading certification and labelling programme for responsibly farmed seafood” (Aquaculture Stewardship Council 2015) is what drives adherence with best practices. Two causal mechanisms related to the targets of governance are operative in this case, albeit in different degrees, at different times, and on different dimensions of best practice adherence. Early in the formative years of the ASC standards, concern for public scrutiny drove the founding members of the ASC to excel at practices related to stakeholder engagement. In subsequent years, the diverse multi-stakeholder environment of the Aquaculture Dialogues (the meetings that developed the ASC standards and laid the foundations for the ASC’s approach to standard setting) enabled processes of intra-organizational socialization that further deepened commitment to practices related to improvement, rigor, and impartiality. Hence, in this case, aiming big drives conformance with best practices through both a logic of consequence and a logic of appropriateness.

To understand the ASC’s ambition to target a significant portion of the global market, one must first understand the philosophies of its founding supporters, the WWF and IDH. Each has a unique vision of how to transform markets to achieve sustainability goals, and their visions informed the development of the ASC from the earliest days of the Aquaculture Dialogues. Building on its MSC and FSC models, the WWF conceived of an aquaculture standard that would be consistent with its broader strategy for market transformation. The strategy is articulated as follows: Industry performs on a bell curve with the better performers on one end, the worse performers on the other, and the vast majority of companies in the middle. “If you set the bar at the top 20% of companies then you shift the middle up toward that 20%.”¹² This strategy was referenced time and again in interviews with participants in the Aquaculture Dialogues. As one participant notes:

The idea of the Dialogues was to create a standard that about 20% could comply with tomorrow. Because if you go for a 1–2% platinum standard, you are going to create a niche. And what happens with niches, like organics, is that after ten years, only 0.8% of global production is organic. Probably less than that. So, we didn’t want to create a niche.¹³

The WWF’s goal from the earliest days of the ASC was to aim for large, mainstream markets. It received further support for this ambition from the other founding partner of the ASC, IDH. IDH is a unique public-private

partnership sponsored principally by the Dutch government. It too shares a vision of changing the entire market around certain commodities. As one employee notes: “our aim is to increase production levels of certified products. Our other goal is to create market demand for certified products . . . It is vital that we have demand from the market, this ensures that our investments will remain secure because of continued demand for certified products. . . .all of our programs stand with the idea that we want to create scalability. We try to bring all the key players together to create critical mass and develop wholesale market transformation.”¹⁴

Both the WWF and IDH shared an ambition for creating a far-reaching, highly scalable commodity standard. However, in targeting aquaculture, they confronted a serious challenge. The aquaculture value chain is highly fragmented. Not only are there many different types of farmed seafood, but production is fragmented both geographically and in terms of the producer size, which ranges from multimillion-dollar salmon farms to small-scale, family-owned shrimp ponds. Hence, certifying a large percentage of the market poses a strategic challenge insofar as ELOs must decide who to target in order to achieve the greatest market penetration. These strategic dilemmas are less pronounced in more cohesive commodity chains, like tea. As one IDH employee put it: “working in seafood is different because there are no big importers, processors or producers. So, what we run into is having to work with retail to achieve leverage.”¹⁵ Retail is particularly vital for certain products, like tilapia, for which a large proportion of demand comes from a handful of firms. As an employee of the WWF in China commented: “If Wal-Mart and Tesco get committed to ASC in a timely manner, the majority of the tilapia sector will be mobilized and seek ASC certification.”¹⁶

Knowing that retail buy-in would be pivotal to gaining market share, the WWF and IDH were keenly aware that any standard or standard-setting body resulting from the Aquaculture Dialogues would have to be capable of withstanding the high level of public scrutiny directed at heavily branded retail chains like Walmart or Tesco. As discussed in chapter 3, retail chains are far more likely to be targeted by NGO or media “naming and shaming” campaigns because of their size and direct link to consumers (Fransen and Burgoon 2012). Creating an eco-label for aquaculture that would minimize exposure to negative media and NGO campaigns was therefore a prerequisite for targeting large markets and gaining retailer support.

Added to this indirect concern for critical scrutiny was the WWF’s more proximate concern for its own credibility. As the one of the world’s foremost mainstream environmental advocacy groups, and perhaps the only ENGO with the capacity to globally transform markets, the WWF faces

intense critical scrutiny every time it engages with business. This has led to a deep concern for procedural credibility in all of its affiliated eco-labeling enterprises. As one WWF Germany employee notes: “internally, we have guidelines that define whether we can engage with a label . . . This is simply the need to remain credible . . . We have to be careful and we have to have a certain quality control over whether we engage or not.”¹⁷

Importantly, the critical scrutiny directed at both the WWF and the ASC’s prospective retail clients is a function of their size. Retailers are subject to critical scrutiny precisely because they have so much leverage over global markets. Similarly, the WWF is a frequent target of critical scrutiny precisely because it is one of the few NGOs willing and able to engage with major retailers. Thus, while the nature of the aquaculture value chain and the WWF’s involvement certainly conditioned the ASC’s exposure to critical scrutiny, the target of governance remains the more proximate cause of this scrutiny.

The combination of direct scrutiny focused at the WWF’s certification activities coupled with indirect scrutiny targeted at its prospective retail partners engendered a consequentialist concern for attention to best practices early on, particularly best practices related to stakeholder engagement, which was viewed as one of the best ways to insulate both the WWF and its retail clients against public criticism. Long before the Aquaculture Dialogues began, Dr. Jason Clay (one of the architects of the Dialogues) acknowledged that “no single group” including the WWF “will be able to create a credible system” for governing aquaculture transnationally (Clay and Boyd 1998). Knowing that gaining buy-in from industry, producers, and other NGOs (particularly smaller NGOs in developing countries) would be crucial to preventing critical scrutiny and allowing the standards to gain a foothold in transnational markets, the conveners of the Aquaculture Dialogues moved quickly to make standard setting as multi-stakeholder as possible. By one estimate, around two thousand organizations participated in the Aquaculture Dialogues from beginning to end.¹⁸ As one WWF participant in the Dialogues notes: “[Other NGOs] have their own agenda and their own core values and interests and we should respect that. If we want them to be ambassadors to this program, we don’t only have to respect that, but we have to embrace it. And so, we started very strategically releasing ‘ownership’ of the process.”¹⁹ This decision to release ownership was not a value-based decision, it was a strategic one that flowed from the ASC’s market ambitions. Increasing multistakeholderism was about turning potential NGO critics into “ambassadors” and getting buy-in from local stakeholders in key markets. As Jason Clay acknowledged prior to a meeting of the Salmon

Dialogues: "no one group or interest can carry this forward alone" (Clay 2009).

Notwithstanding its ambition to bring NGO partners on board, the WWF also remained determined to certify the top 20% of the aquaculture market as quickly as possible. For this reason, it initially approached the industry association for aquaculture, the GAA, with an appeal to revise its existing BAP program and allow more stakeholder input from civil society. The BAP program was a natural target since it already had strong market presence in the United States, though much less so in Europe.²⁰ When the GAA declined, the WWF hired a convener capable of bringing a broad array of stakeholders to the table and decided to proceed with the Dialogues independently. Hence critical scrutiny initially drove attention to stakeholder engagement in the Aquaculture Dialogues, which in turn led to greater attention to stakeholder engagement in their successor, the ASC. However, practices of stakeholder engagement and a concern for democratic legitimacy also triggered other causal mechanisms leading to further best practice adherence. Specifically, processes of intra-organizational socialization led to further attention to best practice adherence in the areas of rigor and impartiality.

Despite being a multi-stakeholder initiative, many of the Aquaculture Dialogues were initially characterized by deep divides between groups of stakeholders and disagreements over both procedural and substantive issues. At the outset of the Salmon Dialogue, three of the original eight participants were actively suing each other (Clay 2010). Industry stakeholders were deeply skeptical about any NGO-convened initiative and threatened to walk-away from negotiations should they lead toward a standard that was too rigorous or too costly.²¹ In most cases, industry either wanted standards that required little behavioral change backed by a toothless ELO, or niche standards that certified a premium product range.²² Hence there was broad disagreement about the breadth and rigor of the proposed aquaculture standard. As one participant in the Shrimp Dialogue recalls: "I would suggest the 20% target and some guy who worked for Cargill said 'well that's just your opinion.' And I said: 'no, that's the theory of the Dialogues and it concerns me after six meetings that you haven't grasped that.'"²³

Contention existed on the civil society side as well. Other NGOs were initially reluctant to participate in the project.²⁴ They saw the WWF as a monolithic mainstream NGO attempting to impose its vision of sustainability on the Dialogues. As one participant observes: "they [the WWF] have a very specific formula that they want to follow. It has to be ASC or it has to be MSC and there's not a lot of room around that."²⁵ Strategic bargaining

between industry and civil society stakeholders prolonged the length of many Dialogues considerably.²⁶ Yet, the lengthy duration of the Dialogues had tangential benefits insofar as it allowed socialization to occur and gradually weaken entrenched positions among certain stakeholder groups. Over time, strategic bargaining between stakeholder groups gave way to collaborative problem-solving as groups of stakeholders increasingly saw themselves working toward a similar goal. This metamorphosis was repeatedly noted in interviews with both industry and NGO participants in the Aquaculture Dialogues. As one participant put it:

The first year, people are entrenched in their beliefs and the conversation was always “this is my position and I want to convince you that I’m right and you’re wrong.” That was the perspective of all our conversations. And through the years . . . there was a metamorphosis in the steering committees. And that came about through several levers. One was friendship, the other was trust. Seeing these guys twice or three times a year for two consecutive days and then going out for beers, dinner, and wine. We became more friends and colleagues, if you will, and we started having the sense of shared ownership. And then there was a beautiful metamorphosis of problem-solving. Instead of saying: “I’m right and you need to understand my position.” It morphed into: “OK, let me try to understand YOUR position. Let’s see if together we can find happy ground in the middle.”²⁷

This gradual softening of entrenched interests is not unique to any one of the Dialogues, it occurred independently across multiple negotiations for different species-specific standards. As one participant in several of the Dialogues notes:

I’ve seen this in every Dialogue I’m involved with. People get to know each other. They get to bond. It taps into a natural human instinct, like, we can’t be as combative with each other when we know the details of each other’s lives. Something happens where they start to bond and they want to succeed as a group. And that’s quite a cool thing to see.²⁸

In essence, the deep cleavages that initially separated industry and NGO stakeholders eventually gave way to a sense of shared identity and unity of purpose. Socialization through both formal and informal channels over time realigned interests and identities in a way that strengthened attention to best practices. On both procedural and substantive matters related to the aquaculture standards, a problem-solving mentality emerged whereby all parties were working toward a common goal. That goal was to

create a standard that was widely applicable, substantively rigorous, and procedurally unimpeachable. However, because deep divides remained over standard content, much of the problem-solving energy was directed toward creating procedurally rigorous standards. Creating an aquaculture standard that was robust, inclusive, and transparent emerged as a goal that all stakeholders could agree upon. As one participant in the Dialogues observes: “we were blazing a trail and at one point we all realized we were. It became a source of pride. Saying that what we’re doing here today . . . we’re going to have a grandchild on our lap one day and be able to say ‘I was part of that.’”²⁹

The legacy of this problem-solving mentality is evident in the contemporary policies and practices of the ASC. The organization’s comprehensive approach to ensuring the continuous improvement of its standards, the impartiality of its eco-labeling activities, and the rigor of its conformance assessment policies is a direct result of the shared vision of the participants in the Aquaculture Dialogues. While initially divided into identifiable factions, this group was eventually socialized through routine exposure to each other into uniting toward a common purpose. That purpose was to establish a rigorous and credible standard capable of withstanding public scrutiny and fundamentally transforming the aquaculture industry. The final content of the more contentious standards (particularly those for salmon and shrimp) reflects this consensus on procedural rigor as well as the deep divides that remain on standard content. As an ASC employee notes: “Is everyone happy? Undoubtedly no . . . The final standard isn’t going to suit everyone, but for those who participated it certainly suited them enough.”³⁰

Importantly, none of the shift toward best practice adherence would have taken place without the founding organizations’ ambition to target 20% of the global aquaculture market and work with large retailers. The vision to create an aquaculture standard with broad market presence demanded conformance with stakeholder-engagement best practices out of initial concern for critical scrutiny and the desire to gain legitimacy through stakeholder democracy. Both industry and NGO buy-in was crucial for gaining the political authority necessary to govern a large proportion of the aquaculture market. The WWF’s attention to stakeholder democracy, in turn, laid the groundwork for the socialization that united stakeholders toward a vision of the procedurally rigorous, impartial, and dynamic organization that the ASC is today.

The balance of evidence, therefore, points to the targets of governance having a causal effect on best practice adherence. Of course, one must equally consider alternate hypotheses, particularly those that suggest that

the WWF's founding role in the ASC is what really drives its strong commitment to procedural rigor. Recall that the statistical analysis presented in chapter 2 found a strong correlation between ELOs founded by existing NGOs and best practice adherence. Yet, the evidence in support of this explanation is weak at best. Certainly, the WWF is both sensitive to critical scrutiny and values democratic decision-making processes, both of which may have triggered the causal mechanisms that led to best practice conformance. However, when asked directly about how the WWF's values shaped the ASC's commitment to procedural rigor, most interviewees deny a clear relationship. As one ASC employee notes when asked about the relationship between WWF values and the ASC's commitment to rigor and inclusiveness in standard setting: "many believe in those values sufficiently to want to take a seat at the table and negotiate an outcome. I don't think WWF is the sole holder of the values."³¹ Moreover, it is perhaps the specific type of NGO that WWF represents—the mainstream, business-friendly NGO—that matters more than the NGO-ELO nexus. The WWF's early commitment to multistakeholderism in creating the ASC standards was driven by its goal of transforming the aquaculture market, not particularly by the values it holds or a desire to check industry influence. As two of the other cases in this chapter demonstrate, having origins in an existing NGO does not necessarily translate into a sector-leading commitment to best practices. Some degree of openness to targeting transnational markets and large retailers is needed as well.

BAP

The industry-sponsored BAP program has evolved significantly over time to become more adherent with best practices. Much of this evolution is due to changes in who the BAP program targets for certification. Specifically, BAP's commitment to best practices emerged out of a desire to become the exclusive aquaculture certification program for several major seafood retailers. What was initially a small, inward-facing, industry-dominated initiative grew into a large, public, multi-stakeholder organization out of a desire to capture market share through large retail clients while insulating them from critical scrutiny. Subsequently, processes of intra-organizational socialization also contributed to a high level of best practice adherence. However, the overarching imperative in the BAP case remains a consequential concern for market share, revenues, and financial independence.

When the GAA launched in 1997, it was in response to vocal opposition to shrimp farming from environmental NGOs.³² Greenpeace, in particular,

was concerned about the consequences of “all-you-can-eat-offers from Red Lobster” and other US chains for producers and the environment in Bangladesh, Ecuador and India (Mulvaney 1998). The BAP program was intended to quell the concerns of environmental groups by creating a unitary industry standard that would eliminate the most destructive practices from aquaculture. Mangrove damage and misuse of antibiotics were of particular concern. The first booklet of GAA-endorsed best management practices was released in 1999 and was assembled almost exclusively by industry representatives with some limited academic involvement.³³ NGOs like the WWF pushed back against the GAA initiative, but as one former WWF employee notes, “at the time, GAA wasn’t interested in hearing what the problems were.”³⁴ The GAA was essentially a closed operation with little need or appetite for broader stakeholder engagement.

The BAP guidelines did not initially offer an option for third-party certification. While the GAA considered an independently verified eco-label as early as 2003, this option was deemed “too costly, complex and prone to liability” (Global Aquaculture Alliance 2003). When the guidelines were eventually converted into a series of standards, the GAA created a new organization (the Aquaculture Certification Council (ACC)) to certify farms against their standards. However, by the GAA’s own admission, the ACC did not have the necessary independence to act as a certification body.³⁵ There was too much of a financial connection between the ACC and the GAA to mitigate against potential conflicts of interest. Thus in the early years of the BAP program, conformance with best practices around transparency, impartiality, and rigor was quite low.

All of this changed when BAP was presented with an opportunity to expand its certification activities into a larger market. Specifically, BAP learned that Walmart, Darden, and several other large retailers were interested in sourcing certified sustainable farmed seafood. With the Aquaculture Dialogues still underway and the ASC standards some years off, BAP saw an opportunity to seize control of the market and gain a modicum of financial independence. As one employee notes: “we wanted to be one of the leading certification bodies . . . and we wanted to set up a viable business model such that the revenues from running the program would cover the cost of staff and so that we wouldn’t have to depend on the money from foundations necessarily.”³⁶ However, the organization also knew that retailers would be averse to partnering with an ELO that had a financial stake in gaining certification revenues through a quasi-independent certification body (the ACC). As early as 2004, Conservation International—working at Walmart’s behest—began vetting potential certification partners to ensure that they possessed the requisite impartiality

(Global Aquaculture Alliance 2006). At the time, BAP did not. Thus, as one GAA employee observes: “we soon realized we were barking up the wrong tree. So, we redesigned our program to be compatible with ISO 65 where you have this guaranteed separation of the standard setter and the inspection body.”³⁷

The move to improve practices related to impartiality was the first consequence of BAP’s ambition to certify large retail clients, but the changes grew and continued from there. Changes to practices around stakeholder engagement were inspired by a series of direct and indirect conversations with Walmart and their trusted NGO partners. As a GAA employee recalls:

Walmart went to Conservation International and said “there’s a bunch of certifications out there, which ones do you think we should go with?” And Conservation International said to us “we think you would be a good fit, but you need to reorganize yourself . . . You have a lot of technical knowledge and you have a lot of industry backing, but you don’t have any proper engagement from NGOs. If you can rearrange your governance structures and make your standards development and certification process fully independent, then you are going to get some support from the NGO community.” So, on that basis we said: “OK.”³⁸

BAP began to review and overhaul its standard development procedures in late 2005 (Global Aquaculture Alliance 2005). The decision to improve practices related to stakeholder engagement was therefore a direct result of BAP’s desire to win Walmart’s business. Knowing that retailers are acutely vulnerable to NGO scrutiny and that multi-stakeholder governance was a prerequisite to winning their business, BAP moved to make its standard-setting procedures more inclusive and open to NGO involvement. In this way, aiming big exerted an acute and consequentialist imperative to improve adherence with best practices.

The results were transformative. BAP went from developing its standards in-house and with limited external consultation to conducting extensive stakeholder engagement and public review on each of its standards. It shifted from using an auditing system with questionable impartiality to allowing certification only after an independent, third-party audit has been conducted. Lastly, it changed from a governance structure composed principally of industry stakeholders to a balanced committee-based governance model, with each committee comprised of four members from academic/regulatory bodies, four members from environmental/social NGOs, and four members from industry groups. A majority vote is required to approve or change a standard, and at least two members from

each group must consent before a standard is passed.³⁹ In addition to procedural improvements, conversations with Walmart and Conservation International also resulted in “more defined protection for wetland areas and greater consideration of feed conversion and fishmeal use” (Global Aquaculture Alliance 2006). In light of these changes, BAP went from being a best practice laggard to a leader in a short period of time.

The process through which this transformation occurred can be described as follows. Walmart, acting on the advice of Conservation International, sought to mitigate reputational risk by vetting a credible ELO partner for farmed seafood. BAP was able to meet these requirements only by improving its adherence with best practices. Significantly, this rearrangement had the desired effect, and BAP is now the exclusive eco-label of farmed seafood products for massive multinational retailers like Walmart, Tesco, and Darden. These relationships give BAP significant leverage over aquaculture producers worldwide. As George Chamberlain, president of GAA, noted in 2007: “we went from trying to convince individual facilities to become certified to having long waiting lines.”⁴⁰

The changes to the BAP program from its inception to the present are substantial and are acknowledged by GAA employees, who recognize that the BAP program has evolved to become much more multi-stakeholder.⁴¹ However, they are also recognized by the ELO’s competitors and persons involved in the formation of the ASC. As one former WWF employee notes: “GAA has a lower bar, but it’s not very low . . . [BAP] is still a legitimate standard. It has a significantly high bar.”⁴² Furthermore, the changes to the BAP program, specifically around stakeholder engagement and transparency, appear to be durable. As one GAA employee notes:

Once you become very transparent and you’re trying to lead industry on a more sustainable path, you can’t do it as a lone entity. You need to get as much support as you can and you need to be transparent about what you’re trying to achieve, how you’re trying to achieve it, and who you’re trying to achieve it with.⁴³

There are some signs that higher levels of stakeholder engagement caused by scaling are now creating opportunities for intra-organizational socialization, which should further reinforce BAP’s commitment to procedural rigor. The dynamics at work here appear quite similar to those in the ASC case, whereby initially entrenched stakeholder groups gradually unite around a sense of common purpose in trying to make the ELO as credible as possible. As one person familiar with the BAP Standard Oversight Committee observes: “there was initial hesitancy by all groups and a lot of trust building early on. In the early days, those meetings, it was a little bit

tense. No one was really sure what they were in for. But eventually they came to realize that we're all working toward similar ends."⁴⁴ Here again, we can see evidence of socialization leading to shared problems and common understandings and gradually shifting the group dynamic toward one of deliberative problem-solving.

In sum, we can trace a causal chain from BAP's decision to target large, brand-sensitive retailers to their decision to follow best practices. The causal relationship between the targets of governance and best practice adherence is even more evident here because change occurs over time. A change in whom the BAP program targets is temporally prior to a change in the level of best practice adherence. BAP went from an insular, industry-facing, and non-independent organization to a highly credible, democratic, and free-standing, eco-labeling organization. This transformation occurred only after BAP decided to target Walmart and other large retailers.

In addition to providing support for the explanation developed in chapter 3, this case also helps explain the non-relationship between industry-sponsorship and best practice adherence uncovered in chapter 2. While the BAP case initially suggests that industry-sponsorship leads eco-labeling programs to demonstrate a low commitment to procedural rigor, it also suggests that this commitment can change over time alongside the decision to target new markets and achieve financial independence. Thus, consistent with the statistical results, the relationship between industry-sponsorship and best practice adherence can vary depending on who is targeted for governance. Here again, we find evidence that a focus on the targets of governance adds analytic leverage beyond what can be learned by focusing on ownership.

FOS

FOS is the least adherent to best practices of the four aquaculture ELOs. Much of its lack of adherence can be attributed to the types of companies it targets for certification. Unlike the ASC or BAP, FOS targets small-scale artisanal producers and industrial fisheries that are buried higher up on the value chain. By doing so, it limits its potential market share while simultaneously insulating itself from higher levels of critical scrutiny. In the absence of this scrutiny, it lacks an imperative to conform to best practices in many areas, including rigor and stakeholder engagement. Adherence is further hampered by the lack of certification or logo licensing revenues and expanded organizational capacity that accompany expanded market share.

Limited organizational capacity constrains its ability to follow the more expensive dimensions of best practice like impact M&E.

While FOS's aquaculture certification boasts transnational presence, it achieved this presence through a different market strategy than BAP or the ASC. Part of the reason for this undoubtedly stems from its origins as a small, entrepreneurial ELO growing out the Earth Island Institute's Dolphin-Safe project. Whereas both the ASC and BAP started with some degree of industry support, FOS had to build its client base from the ground up. In practice, this has meant targeting segments of the market that are not addressed by the other two ELOs.

One of the ways it does this is by keeping its pricing structure for certification affordable to target smaller producers. FOS publicly touts its eco-label as more accessible to small-scale fisheries in developing countries because its methodology is simpler and cheaper (Washington and Ababouch 2011, 55). It proudly notes that up to 50% of the companies it certifies are "small-scale producers" and that it is particularly devoted to making certification available to producers in the developing world. This is evident in the roster of companies certified to FOS standards. Of the 481 companies holding either FOS farmed or wild certification, only 26 (~5%) are identified as retailers (Friend of the Sea 2015). Certified aquaculture companies are overwhelmingly comprised of upstream producers and "it is unclear what proportion of [FOS] product ends up as labelled products for retail sale" (Washington and Ababouch 2011, 25). Two aspects of these figures are telling. First, much of FOS's existing market share comes from small producers, and second, its large producers tend to be buried higher up on the value chain.

Taken together, these two factors may explain why FOS has been insulated from the same degree of critical scrutiny that the ASC and BAP have faced. In certifying smaller, artisanal fisheries and industrial fishing operations that exist outside of the public eye, it has largely avoided negative NGO and media campaigns. Both the media and NGOs tend to focus their efforts on ELOs that are highly visible or affect a broad segment of consumers in the developed world. Importers and processors understand this better than anyone and therefore use FOS certification only when they believe the level of public scrutiny to be low. As one industry expert reports:

I talked to a seafood businessman once who was interested in getting ASC for his products in Europe. He was getting a tuna fishery FOS certified and he said, "but that's good enough, I'm not going to sell this in Europe, so it's okay just to have FOS." And he knew what he was getting. I mean it's kind of like going to a cheap discount certifier for markets that are less discriminating.⁴⁵

FOS has managed to elude critical scrutiny on the basis of the kinds of producers it targets. A lone exception is a scathing report by Greenpeace in June 2009 that criticized FOS for a lack of transparency, poor stakeholder involvement, and weak environmental standards, among other things (Greenpeace 2009).

As a result of this lack of critical scrutiny and the consequential imperative to adhere to best practices, FOS lags behind its competitors in stakeholder engagement, impartiality, and rigor. While FOS does have independent technical committees that approve changes to its standards, the membership of these committees is opaque. This lack of transparency is acknowledged by FOS and explained as follows:

We don't publish outside the group our list of technical committee members. We used to, but then there was a request from some companies that they want to be confidential. It's easier to get them on board if their names are kept confidential. Some objected to having their names published on our website. They wanted to be active in the process, but they didn't want to be tied to our activity.⁴⁶

In addition to the opacity of its technical committees, voting procedures on these independent committees allow particular stakeholder groups to dominate proceedings. Membership on the technical committees is open to anyone and, until recently, there were no policies in place to balance stakeholder representation. A snapshot of the FOS technical committee in 2007 reveals that only two of twenty-one members came from non-industrialized countries and that five of eight NGO representatives came from either FOS or the affiliated Earth Island Institute (Friend of the Sea 2009).⁴⁷ All of the FOS technical committee work takes place online. Revisions to FOS standards are allowed on a continuous basis and any stakeholder can propose a revision at any time to an existing standard.⁴⁸ These revisions are then passed by means of a simple majority vote on the technical committee.

The organization justifies these procedures by noting that they allow the ELO to be nimble and responsive while cutting down on the costs of and emissions related to in-person committee meetings (Friend of the Sea 2013). However, the lack of stakeholder balance combined with the majority-voting rules allows certain stakeholder groups to dominate voting procedures (Greenpeace 2009). Moreover, because FOS makes no effort to proactively recruit vulnerable stakeholders to participate in these committees, decisions may be biased toward those who have more time and resources to participate. The online work environment also limits opportunities for intra-organizational socialization. Consequently, there

are fewer opportunities for interests and identities to become re-aligned toward common purposes, since stakeholders only ever work together remotely.

FOS's decision to aim small by targeting small-scale producers and upstream suppliers also influences its organizational capacity. Targeting such fisheries limits its revenue from certification and logo licensing and makes it difficult for FOS to implement more expensive best practices like impact M&E. To date, FOS has not publicly released any M&E data on whether its eco-label is achieving tangible changes "on the water." Employees for the organization admit that they would like to do an in-depth impact study, but with the caveat: "we don't have huge resources for this, we're only five people in an office."⁴⁹ Here again, the decision to aim small in certification activity influences FOS's adherence with best practices.

In addition to supporting my targets of governance hypothesis, the FOS case also reinforces the importance of moving beyond ELO ownership in assessing credibility. While the statistical results in chapter 3 suggest that FOS should be more likely to conform with best practices because of its NGO origins and non-profit structure, the preceding analysis finds little evidence in support of these arguments. Indeed, its origins may have the inverse effect on FOS's commitment to best practices because it alters the type of audience targeted for certification. FOS prides itself on being more independent than its competitors.⁵⁰ It developed its aquaculture standards through an internal benchmarking exercise of existing standards. In doing so, it entered a certification market without industry partnership. Thus, whereas BAP and the ASC began with a core set of standard users, FOS has been forced to target whichever markets are leftover, mostly smallholders and upstream suppliers. This target audience insulates it from critical scrutiny and broader appeals for balanced stakeholder engagement while simultaneously restricting its revenues from certification and logo licensing. Moreover, the lack of an existing industry clientele compels FOS to be every bit as entrepreneurial as a for-profit standard setter. Consequently, there is downward pressure on best practice adherence as FOS keeps certification requirements low in order to better attract more (but smaller) clients. Thus in this case, neither NGO origins nor non-profit status appear to be plausible drivers of best practice adherence. However, it does suggest the importance of acknowledging structural factors when determining why ELOs target certain markets for governance. FOS's decision to target smallholders and upstream suppliers is less a deliberate choice than a requisite given its humble beginnings.

One year after its best practice adherence was measured with the IBP in 2013, FOS signed a memorandum of understanding (MOU) allowing

Global-G.A.P.-certified aquaculture facilities to display the FOS logo on their consumer-facing products (Global G.A.P. 2014). This partnership has dramatically expanded the reach and ambition of FOS's aquaculture eco-label and represents a marked shift toward a strategy more consistent with aiming big. As of 2016, FOS claims to certify a larger volume of farmed seafood than either ASC or BAP (Friend of the Sea 2016a), although outside observers place all three roughly on par with each other (Potts et al. 2016). Not coincidentally, the shift in ambition coincides with significant changes to policies and procedures designed to bring FOS into line with best practice. These changes include far greater specificity over mechanisms for stakeholder engagement, improved transparency about standard development and auditing procedures, and a commitment to equal representation from developed and developing countries in key governance bodies (Friend of the Sea 2016b). While the exact sequence of these changes is difficult to ascertain,⁵¹ their proximity to the Global G.A.P. MOU suggests a relationship between the two events. Here again, it is plausible that a shift in the targets of governance led to improvements in procedural credibility.

Naturland

Naturland scores modestly better on best practice adherence than FOS but also falls below both the ASC and BAP. Here again, weak IBP scores in several categories are best explained with reference to the target clientele. In this case, Naturland's deliberate intention to avoid certifying the majority of the market precludes the kinds of critical scrutiny or demand for stakeholder democracy observed in other aquaculture ELOs and leads to fewer incentives to follow best practices. Self-imposed restrictions on which firms Naturland will certify also hurts its organizational capacity and limits its ability to follow best practices that require an investment of human or monetary resources, for example, funding vulnerable stakeholders to participate in standard setting. While the substance of Naturland's standards is quite robust, it ranks below some of its larger competitors on the procedural dimensions of credibility.

Naturland is different from the other aquaculture ELOs analyzed in this chapter inasmuch as it maintains the lone organic aquaculture standard and is alone in also creating standards for non-seafood products. Consequently, it has evolved to be more aligned with the organics movement than the sustainable aquaculture movement. This positioning conditions the degree to which it actively aims to target larger firms and markets. The organics movement, and particularly organic aquaculture, places a strong emphasis

on strengthening small-scale farmers (Bergleiter and Meisch 2015, 566). For this reason, Naturland does not seek to certify large producers or multinational retailers with GVCs. Its organization-wide policy guidelines state: “the local production of foodstuffs for sale on a local level is the governing principle” (Naturland 2009). In eschewing large-scale industrial aquaculture, Naturland therefore precludes the type of market share its competitors possess. The decision to avoid certifying high-volume aquaculture facilities makes partnerships with large global retailers challenging because they threaten the very principles upon which Naturland was founded. As an employee notes, “as Naturland, we have to be careful who we get involved with. We have no desire to see Nestlé organics or something like that.”⁵²

While Naturland seeks to scale-up organic food production as a whole, it is constrained in its ability to gain market share by the inflexibility of organic principles, and there is little room to accommodate even modest industry demands during standard development. Organic agriculture has rigid, even statutory, provisions regarding issues like the prohibition of GMOs in feedstuff, whereas conventional certifications like ASC have more flexibility to vary these requirements to facilitate access for industry (Bergleiter and Meisch 2015). Naturland, therefore, cannot engage in the type of stakeholder democracy practiced by the ASC and BAP. Its standards are developed in-house with reference to pre-existing rules for organic production. This not only constrains its capacity to aim big but also translates into lower scores on engagement and impartiality indices as standards are developed in accordance with organic principles but with little external input or commitment to democratic processes.

Furthermore, retailers treat organic certifications differently than more general sustainability certifications and have historically been reluctant to commit to sourcing all of a product category to organic standards. As one interviewee comments:

The greatest obstacles [to scale] come from the retail level. I'm not an economist, but organics demand a somewhat higher price and so there's a reluctance to widen the premium segment of their offerings. In some markets, like Switzerland, there are retailers that want to outright stop selling conventional shrimp. This works in some markets. But there remains a concern that retailers must maintain a cheap product range and cater to the discount market. This is the biggest obstacle to growth and development.⁵³

Organic aquaculture, as a segmented premium product line, is heavily dependent on consumer demand to drive growth in market share. Whereas

the ASC and BAP have the leverage of major retailers demanding certification to their standards from suppliers, Naturland operates without such broad leverage on producers. Retailers demand organic aquaculture only as much as their consumers demonstrate a willingness to pay for it. The weakness of this strategy is that organic consumers constitute a small fraction of the global seafood market (Bergleiter and Meisch 2015).⁵⁴ Moreover, consumers are notoriously fickle when it comes to paying for sustainable goods (Bullock and van der Ven 2018). Consequently, when this consumer group fails to grow or pay price premiums, Naturland loses the ability to expand its market share. As one employee notes:

I've been working for more than fifteen years with Naturland now, and there have been a number of promising projects in different parts of the world, but after a while, these projects have been re-converted because of market reasons. There may have been market interest, but not at the right price point. And so, these projects are re-converted to inorganic agriculture.⁵⁵

As a result of its minimal market share, Naturland lacks the resources to engage with its stakeholders and invest in its standards as other ELOs have. It lags behind other ELOs in best practices related to improvement largely because it depends on grant funding to review and improve existing standards. Limited resources also preclude funding stakeholder participation or impact monitoring activities. While Naturland makes a concerted effort to engage with vulnerable stakeholders in developing new aquaculture standards, it is often constrained in its ability to do so. As a Naturland employee familiar with the stakeholder consultation process notes: "there were some organizations that could afford to spend more time in cooperating for such an initiative, others need to get paid to participate. Our ability to fund stakeholder participation is quite limited."⁵⁶

In sum, Naturland's ability to aim big in its certification activities is constrained by its position as an organic standard. Its commitment to organic principles makes its standard-setting procedures relatively inflexible and precludes the type of industry acceptance held by the ASC and BAP. This, in turn, insulates the organization from the critical scrutiny that larger certification schemes often attract and precludes demands for stakeholder democracy. Lastly, a lack of certification revenue affects Naturland's organizational capacity in a way that limits full adherence with best practices in improvement and rigor.

The Naturland case once again suggests the importance of accounting for structural conditions in determining why some ELOs aim big while others do not. In this case, Naturland is constrained from engaging with

large retailers and venturing into foreign markets because of its position in the organics movement. The “small is beautiful” mantra precludes it from targeting the larger seafood producers it would need to expand its market share. On the demand side, retailers continue to view organic products as a niche market, thereby negating the need to mandate organic certification for all of their farmed seafood suppliers. These two conditions constrain who Naturland targets for certification, even as the organization still aspires to expand.

One interesting dimension of the Naturland case is that it at once contradicts and supports alternate hypotheses. Naturland’s origins as an advocacy-focused environmental NGO do not appear to have much impact on its commitment to the procedural dimensions of rigor and credibility. Yet, if the DV is modified to focus on the substantive content of Naturland’s standards, then its NGO origins appear quite influential. Naturland deliberately develops and manages some of the most prescriptive and demanding standards in aquaculture.⁵⁷ The content of its standards can only be explained with reference to Naturland’s deep history in the organics movement and firm commitment to the principles espoused by the movement. In this sense, being rooted in an existing NGO offers considerable explanatory power for theorizing variation in standard content between aquaculture ELOs.

However, the same relationship does not necessarily hold for procedurally focused best practices. While Naturland certainly acknowledges the existence of the various best practice guidelines and believes in the importance of procedural rigor, it sees them as less important than the governing principles contained in organic standards. As one employee commented: “they don’t contradict each other, but they are very different.”⁵⁸ The gap between Naturland’s commitment to procedural and substantive rigor opens up a broader line of questioning about the relationship between procedure and standard content that is out of the scope of this chapter. However, this relationship will be discussed at length in the book’s conclusion.

CONCLUSION

The preceding analysis provides robust empirical support for the explanation of procedural credibility in eco-labeling developed in chapter 3. The decision to target large firms and transnational markets is both temporally prior and causally linked to better adherence to best practices. Moreover, the causal mechanisms that emerge in process tracing the evolution of the four aquaculture ELOs in this chapter echo the hypothesized causal

mechanisms and various causal sequences discussed in the preceding chapter. Exposure to direct and indirect critical scrutiny invariably follows the decision to target large firms or expand into new markets, both of which can ratchet up the level of best practice adherence, as clearly evinced in the BAP case. As critical scrutiny increases alongside the breadth and size of the intended targets of governance, so too does the need for democratic legitimacy. This, in turn, leads to increases in the practice of stakeholder democracy and creates opportunities for intra-organizational socialization that can help shift the dynamic in key governing bodies from strategic bargaining to collaborative problem-solving, as it did in the ASC case. When ELOs target smallholders, niche markets, or upstream suppliers with little leverage over other producers, either by design or because they are constrained by broader structural conditions, the result is lower levels of best practice adherence. Aiming small leads to a lack of public scrutiny, low demand for stakeholder democracy, and limited ability to expand organizational capacity, as observed in the FOS and Naturland cases.

Alternate hypotheses suggested by my earlier statistical analysis are given only limited support by the case studies presented here. While the ASC, FOS, and Naturland all grew out of existing ENGOs, there is little evidence that this condition had a consistent effect on their adherence to best practices. This is evinced primarily by the disparity in IBP scores between the three ELOs but also by the qualitative evidence suggesting that market strategy was a more direct motive for following best practices than organizational values or the ability of NGOs to check industry influence in standard setting.

The BAP case offered further insight into the non-relationship between industry sponsorship and best practice adherence observed in my statistical analysis. Briefly, BAP's experiences suggest that the downward pressure of industry sponsorship can be offset by the upward pressure of targeting large, brand-sensitive firms. While BAP initially demonstrated low levels of adherence to best practices, the prospect of becoming the exclusive aquaculture certification body for large retailers like Walmart was enough to precipitate a complete overhaul of its procedures related to engagement, impartiality, and transparency. Thus, it appears that the effect of industry ownership on best practice adherence can be moderated by who an industry-funded ELO targets for governance.

Lastly, the case studies found little evidence of a causal relationship between non-profit structure and IBP score. All four of the ELOs examined in this chapter are non-profit organizations, yet at no point during the interviews or primary document review was non-profit structure cited as having an impact on the level of best practice conformance. Moreover,

variation in IBP score can be observed between the four ELOs notwithstanding the fact that they are all non-profits. This suggests that a focus on the targets of governance offers explanatory power that extends beyond what can be explained by examining differences in for-profit or non-profit status.

Finally, while this chapter suggests that credible governance can come from private ELOs—all four of the ELOs in this chapter are privately-owned—it cannot draw any broader conclusions about the impact of public ownership on best practice adherence since none of the cases are wholly publicly owned. The impact of public ownership will be probed further in the following chapter.

This chapter also offers some practical findings for global aquaculture governance. First it suggests that country-specific standards are likely not the best approach to achieving rigorous and credible aquaculture governance. If, as the data presented here suggest, aiming big is linked to best practice adherence, then limiting an ELO's target market to a single country may constrain its exposure to critical scrutiny, reduce the need for democratic legitimacy, and restrict organizational capacity. This finding is particularly relevant now that several Southeast Asian countries have created their own sustainable aquaculture standards as part of broader efforts to expand exports of farmed seafood (e.g., VietGAP or Thai Quality Shrimp). Preliminary evidence suggests that these schemes frequently lack the stakeholder democracy that has been integral to improving the credibility of their transnational counterparts. As one expert observer comments:

One of the big problems in ASEAN (Association of Southeast Asian Nations) countries is that governments can't understand that they can't unilaterally define and implement a standard. Especially Thailand. It [the Thai Quality Shrimp standard] is defined and implemented by the Thai government. And it doesn't go far enough, it barely covers some of the environmental issues.⁵⁹

This chapter also suggests that smaller, NGO-led initiatives that have yet to move beyond a single country may be taking the wrong approach to achieving transformative change in aquaculture production. Many of these initiatives are led by aquariums or ENGOs and seek to create incredibly rigorous standards that service a minority of sustainably-minded producers. If the aiming big hypothesis is indeed correct, then these schemes may be skewing too much toward rigorous content at the expense of market penetration. The evidence in this chapter suggests that ELOs can target global markets and multinational retailers first, after which procedural rigor will follow and leave room to improve standard content. This is the

more plausible pathway to achieving broad market penetration and rigorous standards, both of which are necessary for achieving far-reaching environmental objectives. Yet, many NGO-led aquaculture schemes adopt the inverse approach. The insistence of such schemes on pushing rigid and inflexible standards beyond domestic borders frustrates many industry observers. With reference to a particular Canadian NGO-led scheme, one observer comments: “[The scheme] is led by people who revel in fisheries complexity. But the market doesn’t want complexity. If you want to achieve these environmental outcomes, you need rigorous criteria but you also need the market penetration to get industry on board.”⁶⁰

Lastly, my findings suggest that sustainable aquaculture faces both challenges and opportunities in the future. On one hand, the consolidation of aquaculture into the hands of an increasingly small cadre of multinational retailers provides tremendous opportunity to push certified aquaculture into developing markets. The FAO observes that as large European retailers become increasingly globalized, their buying strategies will influence markets in East Asia, Africa, Eastern Europe, and Latin America (Washington and Ababouch 2011, 107). Given the purchasing clout of these large retailers, a buying strategy that emphasizes certified, sustainable seafood may help transform these markets. Yet, this observation should be treated with caution. Much of the market for seafood in Asia remains in the hands of local retailers or smaller producers and distributors. Thus, gaining a foothold for certified aquaculture in these markets could prove challenging. As an employee with the BAP program notes: “there’s a strong model in developed markets where the corporate social responsibility (CSR) agendas of big retailers are switched on. But in China there’s a lot of work to be done.”⁶¹ To the extent that China is becoming a consumer of certified seafood, much of the change is producer driven. Norwegian farmed salmon, for example, shifted toward ASC certification of its own accord, leading to some of the first ASC-labeled products appearing in Chinese supermarkets.⁶² Determining how to achieve leverage in Asian markets forms a critical challenge for aquaculture ELOs, since embedding sustainable seafood in Asia is vital to preserving the health and resilience of oceanic ecosystems.