

## **A Brief Statement of the Proposed Research Project**

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The primary research agenda that I will work at the Center for the Blue Economy is “Exploration of Effective Growth of Private Seafood Sustainability Certification Schemes.” It tries to grasp the conditions of effective growth of certification schemes through comparative case studies of fisheries and aquaculture schemes as a part of a larger joint-research project led by myself which includes certification schemes of forestry (FSC, PEFC, etc.), and biofuels (RSPO, ISCC, etc.) as well. I am in charge of fisheries and aquaculture certification schemes.

Fisheries certification schemes that will be analyzed include Marine Stewardship Council (MSC), Friend of the Sea (FoS), Global Trust FAO-based certification scheme and local schemes (Marine Ecolabelling Japan, Alaska’s Responsible Fisheries Management and Iceland Responsible Fisheries, etc.). As for aquaculture, Best Aquaculture Practices (BAP), Aquaculture Stewardship Council (ASC), FoS, GLOBALG.A.P., and local schemes (Aquaculture Eco-Label of Japan, Natureland of Germany, etc.) are included.

Private sustainability certification schemes has emerged as an effort to fill the gap of dysfunctional intergovernmental organizations (IGOs) as observed in unstoppable deforestation and wide-spreading overfishing of various stocks. However, filling the gap by voluntary private schemes is essentially a difficult task. NGO-led stringent schemes are often challenged by industry-led, often lax, schemes while economic expansion of developing countries provides a swelling market for non-certified products. In fact, though private sustainability certification schemes continue to grow in number, many remains quite minor in market.

Recently an intensive research focus has been placed in interaction between competing schemes, with bearing a key question in mind, whether and when competition among multiple schemes produces upward or downward convergence. Even though this was an important academic question, they failed to take into account of trade-off between scheme stringency and company support. It is important to recognize that a highly stringent scheme with few affiliated companies is impactless. We have to move beyond the dichotomous ratcheting up or down question.

Therefore, we introduce the concept of effectiveness, defined by combination of

volume of certified labelled products and scheme stringency (to be quantified by benchmarking methodologies), and try to find conditions of *effective growth of certification schemes*. The analytic scope of effectiveness is extended to *certification complex*, a collective of overlapping schemes, as interaction of competing schemes has actually produced a certification complex in fisheries and aquaculture as well as in forestry, and biofuel schemes. Effectiveness may remain relatively low as a single scheme but can be high as a complex. This is why we have to analyze the combined effectiveness of multiple schemes as well.

To grasp the conditions of effective scheme growth, the study will examine effects of (i) strategical settings of scheme stringency, (ii) meta-governance, and (iii) contextual factors. Firstly, setting of stringency affects scheme growth in a significant way. In this regard, we argue that a scheme must start with a medium level of stringency. Due to the network effect of product labels, their proliferation in market is likely to show an exponential curve with a sharp accelerating increase after passing a tipping point. A scheme that starts with a high stringency level will remain far from the tipping point while a scheme with a low stringency level will be accused as *green washing* and lose image improvement benefit. A scheme should be ratcheted up to a high stringency level only after having passed through the tipping point. In this way we evaluate the strategy of stringency setting per scheme.

Secondly, a scheme effectiveness can be also affected significantly by the level of meta-governance. Meta-governance is external efforts to steer how governance takes place in private schemes. It can be provided by a variety of actors (IGOs, governments, NGOs, and companies) through various methods; providing a guideline, conducting benchmarking analysis, requesting as a procurement conditionality, and providing financial support. Good meta-governance examples include FAO's fishery and aquaculture ecolabel guidelines, benchmarking efforts by Seafood Watch and Global Seafood Sustainability Initiative (GSSI). The effect of these meta-governance will be examined through semi-structural interviews with fisheries and seafood industry and scheme owners. Meta-governance efforts by national or state governments will be also analyzed as they probably explain national difference in growth of certification schemes. For example, Japan's sustainability seafood certification market still remains extremely small possibly because the government's negative or passive meta-governance efforts.

Thirdly, contextual factors such as growing market power of developing countries and increasing social pressures for sustainability will be examined. The recent economic upsurge of developing countries is likely to provide a perverse effect on growth of certification schemes by increasing demand for less costly non-certified products and

reducing price premium for certified products. On the other hands, companies under strong pressures by NGOs and media, often join certification schemes to avoid branding crisis. Therefore, strong social pressures are likely to contribute to effective growth of certification schemes.

Other factors such as sociological factors (cognitive learning and norm self-entrapment) and market structures (diffused or oligopolized) will be also examined in analysis of cases.

In the end this study will provide a rich policy guidance for those who govern, sponsor and promote seafood certification schemes by providing knowhow to set stringency, to engage in meta-governance efforts, and to adjust them to changing circumstances.

In addition to the research on certification schemes, I will continue working on the ongoing project to build theories of multilateral fishery negotiations, with a special focus on the ex-vessel (trading, processing, and retailing) value chain sectors, which probably implicates a more gloomy future for fish stocks than theories purely based on the preference of harvest sectors. The effects of horizontal global market integration (ex. skipjack) and oligopsony to a preference of a fishing nation as well as the effect of vertical integration of value chain sectors will be also examined.

The two studies that comprise market systems into analysis will significantly contribute to the Center for Blue Economy's mission to develop innovative ways to address critical ocean and coastal resource management issues, through the bottom-up and intergovernmental processes.