

Ethical Labelling of Food

Ethical Labelling of Food

ANP 2004:741

Ethical Labelling of Food

ANP 2004:741

© Nordic Council of Ministers, Copenhagen 2004

Print: Ekspressen Tryk & Kopicenter

Copies: 150

Printed on paper approved by the Nordic Environmental Labelling.

Nordic Council of Ministers

Store Strandstræde 18
DK-1255 Copenhagen K
Phone (+45) 3396 0200
Fax (+45) 3396 0202

Nordic Council

Store Strandstræde 18
DK-1255 Copenhagen K
Phone (+45) 3396 0400
Fax (+45) 3311 1870

www.norden.org

The Nordic Council of Ministers

was established in 1971. It submits proposals on co-operation between the governments of the five Nordic countries to the Nordic Council, implements the Council's recommendations and reports on results, while directing the work carried out in the targeted areas. The Prime Ministers of the five Nordic countries assume overall responsibility for the co-operation measures, which are co-ordinated by the ministers for co-operation and the Nordic Co-operation committee. The composition of the Council of Ministers varies, depending on the nature of the issue to be treated.

The Nordic Council

was formed in 1952 to promote co-operation between the parliaments and governments of Denmark, Iceland, Norway and Sweden. Finland joined in 1955. At the sessions held by the Council, representatives from the Faroe Islands and Greenland form part of the Danish delegation, while Åland is represented on the Finnish delegation. The Council consists of 87 elected members - all of whom are members of parliament. The Nordic Council takes initiatives, acts in a consultative capacity and monitors co-operation measures. The Council operates via its institutions: the Plenary Assembly, the Presidium and standing committees.

Contents:

Contents:	5
Preface.....	7
Summary	9
Introduction	17
1. Experience of Ethical Labelling of Foodstuffs	19
1.1 Concepts and Definitions	19
1.2 Outline of Descriptions of Ethical Consumption in Literature	22
1.2.1. The Background to Ethical Consumption.....	22
1.2.2 Consumers' Motives for Ethical Consumption.....	23
1.2.3 Consumer Reaction Patterns	26
1.2.4 Consumers' Attitude and their Behaviour	26
1.2.5 Companies and Ethics.....	29
1.2.6 Recent Conclusions on Ethical Labelling.....	32
1.3 Success Criteria for Ethical Labels	37
1.4 Ethical Food Labels	39
1.4.1 Organic Labelling of Vegetable or Animal Food	40
1.4.2 Organic Labelling of Fish	48
1.4.3 Fairtrade and Max Havelaar Label, Reilu kaupa – Rejäl handle and Rättvisemärkt	48
1.4.4 Labelling of Eggs according to Production Method	53
1.4.5 Quality Labels	56
1.4.6 The Vegan Label.....	60
1.4.7 The Dolphin Safe Label	60
1.4.8 Claims	61
1.4.9 Labelling of Genetically Modified Organisms	62
1.5 Potential Ethical Food Labels	66
1.5.1 Ecolabels	66
1.5.2 Labelling of Fish from Sustainable Fishing.....	68
1.6 Data Bases on Ethics.....	71
1.6.1 ForbrugerInformationen Data Base for Ethics and Social Responsibility	71
1.6.2 Etisk forbrukernetverk	72
1.6.3 NorWatch.....	72
1.6.4 SwedWatch	72
1.6.5 FinnWatch.....	73
1.7 Initiatives to Promote Ethical Trade	74
1.7.1 The Ethical Trading Initiative.....	74
1.7.2 Initiativ for Etisk Handel	74
1.7.3 Vastuullinen Tuontikauppa.....	74
1.7.4 Globalt Ansvar	75
1.8 Experience from Forest Certification.....	76
2. The Need for and Models for Ethical Labelling	79
2.1 Respect for Ethical Values in Food Production	79
2.2 The Need for Ethical Labelling.....	81

2.2.1 New Wishes for Ethics-related Information	81
2.2.2 Is there a Genuine Consumer Need for Ethical Information?	82
2.3 Labelling Models	85
2.4. Types of Regulation and Control	87
2.4.1 Voluntary Labelling	87
2.4.2 Voluntary Labelling in a Regulated Framework	88
2.4.3 Obligatory Labelling	89
2.4.4 Control Systems	89
2.5 Other Information Methods	91
2.5.1 Electronic Product Information in Shops and on the Internet	91
2.5.2 Brands and Own Products in Retail Chains	92
2.5.3 Broad Channels of Information on Ethical Aspects	92
2.6 Actors	94
2.7 Ethical Labelling and International Rules	96
3. Conclusions	97
3.1 Status of Ethical Labelling and Information	97
3.2 Concrete Assessment of Existing Labelling and Information Schemes	99
3.2.1 Respect for Sustainability	99
3.2.2 Respect for Human Rights	102
3.2.3 Respect for Animal Welfare	104
3.2.4 Respect for the Environment	106
3.3 The General Conclusions of the Project Group	108
3.3.1 Development of Existing Labels	109
3.3.2 Further Ethical Labelling	111
3.3.3 Other Methods of Information	112
4. Proposals for Further Initiatives	113
4.1 General Recommendations	113
4.2 Concrete Proposals to Create Frameworks for Information on Ethics	115
4.2.1 Development of information and educational methods on ethics in food production	115
4.2.2 Analysis of Socio-economic Consequences of the Use of Different Information Methods on Ethical Conditions in Food Production	116
4.2.3. Nordic Guidelines for the Use of Ethical Claims in Marketing	117
4.3 Concrete Proposals for the Development of Tools for Information about Ethics	119
4.3.1 Labelling of Fish from Sustainable Fishing	119
4.3.2 Nordic Data Base on Sustainable Food Production	120
4.3.3 Methods for Assessing the Environmental Effect of Foods	122
4.3.4 Development of Criteria and a Label for Animal Welfare	124
References	127
List of Internet Addresses	130
Annex	131
Examples of Ethical Food Labels	131

Preface

The Nordic Council of Ministers has called for this report on ethical labelling of foodstuffs against the backdrop of political decisions taken by the Council of Ministers, in particular the 1998 Prime Ministerial Declaration on Sustainable Development. The Declaration and the Nordic strategy, which was developed as a follow-up to the Declaration, were published in the report Sustainable Development. A new course for the Nordic Countries (TemaNord 2001:505). It is foreseen in the strategy that, as one of the long-term objectives for the food sector, consumers must be guaranteed the possibility of choosing foods on the basis of ethical considerations. At a joint ministerial meeting for agriculture, forestry, foodstuffs and fisheries in June 2001 the ministers also adopted a declaration about a study of the possibilities of more consumer information about ethical conditions in food production.

This report is, furthermore, based on a representative Nordic labelling survey that was published in 2001 under the title Consumers' demand for food labelling and product information. A Pan-Nordic survey of consumer behaviour and attitudes to food labelling (TemaNord 2001:50).

The survey points out that there is consumer interest in "soft values" such as respect for the environment, animal welfare and human rights during food production.

The purpose of the report is to put together available data on ethical labelling of foods and to assess the need and possibilities for further ethical labelling and other methods of consumer information. Finally, it is the intention to describe how consumers may best be informed about ethical conditions and to present concrete proposals for further initiatives concerning ethical labelling and information.

Contributing to the work were five of the administrative sectors of the Nordic Council of Ministers: The food sector, the consumer sector, the environment sector, the fisheries sector and the agri-cultural and forestry sector. Furthermore, the following Nordic project group was associated with the work.

Food:	Alice Sørensen, Fødevaredirektoratet (The Danish sector: Veterinary and Food Administration), Denmark
	Anne Pia Lødemel, Statens næringsmiddeltilsyn (Department of Food Policy), Norway
	Birgitta Lund, chair, Livsmedelsverket (The National Food Administration), Sweden
Consumer Sector:	Karin Buhmann, ForbrugerInformationen (Consumer Information, Denmark, (from January 2003)
	Mette Reissmann, ForbrugerInformationen, Denmark (during 2002)
	Tuija Myllyntaus, Konsumentverket (Consumer Agency), Finland
	Elisabeth Varland, Barne- og familiedepartementet (Ministry of Children and Family Affairs), Norway

Environmental Sector:	Karin Carlsson, SIS Miljömärkning (SIS Environmental Labelling), Sweden
Fisheries Sector:	Gunnar Lundqvist, Jord- och Skogsbruksministeriet, Fiske- og viltafdelingen (Ministry of Agriculture and Forestry, Fisheries and Game Dept.), Finland
Agricultural Sector:	Berit Korpilo, Jord- och Skogsbruksministeriet (Ministry of Agriculture and Forestry, Finland. Marit R. Birkelid, Landbruksdepartementet (Ministry of Agriculture), Norway Anna Carlsson, Jordbruksdepartementet (Ministry of Agriculture), Sweden.

The work is based on a mapping out of existing ethical food labelling and literature studies as well as discussions within the project group.

The report was written by Eeva-Liisa Østergård.

Birgitta Lund, Chair
Østergård

Eeva-Liisa

March 2003

Summary

This report is based on the Nordic Council of Ministers' strategy for sustainable development and a Nordic survey of consumer demands with respect to food labelling and product information. It is one of the long-term objectives in the strategy for foodstuffs to ensure that consumers may have a choice of foodstuffs based on ethical considerations. The labelling survey shows that consumers do take an interest in the ethics of food production.

The report sums up past experience of ethical labelling of foodstuffs and describes the need and possibilities for further ethical labelling and other means of consumer information. It assesses how consumers may best be informed of ethical aspects and presents concrete proposals for Nordic initiatives that may promote consumer information on ethics in food production.

The first section of the report describes experience gathered from ethical labelling of foods. The description is based partly on a study of Nordic and European reports on ethical consumption and the motives and reaction patterns of ethically conscious consumers, partly on a mapping out of existing ethical food labelling.

The second section analyses the need for further development of ethical labelling and the introduction of new ethical labels and information schemes, and it discusses possible labelling models and various methods of regulating labelling.

In the third section the project group presents a concrete evaluation of the extent to which the labelling and information schemes satisfy consumers' need for information on ethical aspects and potential developments. These considerations lead to general conclusions.

The fourth section covers a number of concrete proposals for a joint Nordic initiative to provide consumer information on ethical conditions during food production.

1. Experience of Ethical Labelling of Foodstuffs

Definitions

Ethical labelling is not an unequivocal concept, but may be defined differently depending on context. In this report ethical labelling means that a product is labelled with information as to whether the production process respects ethical values. The information may appear in the shape of a text or a symbol on the product or a combination of text and symbol. Ethical values in this report mean the ethical issues that are high on the public agenda, especially in the discussion on food production and consumption. They are discussed in the broader sense to cover ethical issues of interest to consumers, producers, commerce, organisations, authorities and the media today.

Ethical labelling is a complex area, and the discussion in this report is limited by the definitions chosen. It is up to individual human beings to decide personally what they

consider ethically correct. Ethical correctness is a political and philosophical consideration which will not be discussed within the framework of this report.

Sustainable development is a general concept and a framework which may include a number of ethical aspects. The ethical issues – human rights, animal welfare, environmental protection and ecology – that are on today's agenda for foodstuffs do, on the face of it, seem to fall within the framework of sustainable development.

Brief outline of descriptions of ethical consumption in literature

Recent literature (from 1995 to 2002) on ethical labelling includes surveys on consumers' ethical motives, attitudes and behaviour and public communications from Nordic authorities and the EU. The surveys show that consumers do have an attitude to animal welfare, environmental protection and ecology, and to a lesser extent to human rights, and that they are conscious of the fact that their consumer choices may influence the way foods are produced.

The interest in ethical consumption is a phenomenon linked to the development of society: the growth of the economy and wealth, the development of production technology, better education, the transfer from an industrial to an information society, globalisation and changes in citizens' social attitudes, such as individualisation and declining respect for authorities.

From these surveys researchers have concluded that citizens have a wish to influence development. The consumer channel – the market – is used to exercise social influence, via the choice or rejection of products. In literature it is known as a public motive. But there are other, private motives for ethical consumption, e.g. social motives, associated with belonging to a group in society and the creation of a social identity, care motives, above all the care of personal and family health, and finally pleasure motives associated with self realization, innovative consumption and a "feel good factor".

A number of investigations and market surveys show that there is a dichotomy between consumers' attitudes and actions. A politically correct attitude to ethical labelling does not necessarily lead to purchasing products produced with special ethical considerations. Consumers' concrete actions are decided by price, availability, health and taste, which are weightier motives than ethics.

Ethical publications from public sources, such as the EU, on companies' social responsibility are discussed briefly in the report. The social responsibility of companies is a concept that appeared in the 1990s and is now being developed. Companies are aware of the fact that they may contribute to a sustainable development by finding sustainable solutions for the economy, increasing their economic growth and competitiveness whilst considering environmental protection and their social responsibility. Companies' interest in ethical considerations during production and in commerce is a market-oriented response to social development and consumer attitudes. Industry is aware that the market may react very adversely if production and trading methods are considered too irresponsible by civil society.

Ethical food labels

The mapping out of existing labels shows that the food sector is no virgin soil as regards ethical labelling. There are labels that have gained a foothold on the market although with small market shares, but with relatively great recognition amongst consumers. The report describes the purpose of various ethical labels for food, the administration of the

label, criteria, control and finance as a basis for a subsequent assessment of the need and possibilities for further ethical labelling.

The ethical labelling that is most widely used and is best known amongst consumers is the *labelling of organic food*. Another relatively well-known label is *Fairtrade* (called *Max Havelaar* in Denmark and Norway, *Rättvisemärkt* in Sweden and *Reilu kauppa – Rejäl handel* in Finland). Other ethical labelling discussed in the report includes *EU rules on the labelling of eggs by production method*, the *Vegan label*, the *Dolphin Safe label* and a number of *private labels and ethical claims by companies*. The labelling of genetically modified foods does not come under the definition of ethical labelling as used in this report. The label will, however, by some consumers be used as a basis for an ethical choice.

The use of environmental labels for food and the labelling of fish from sustainable fisheries is up for discussion.

The report points to a number of pre-conditions that are important for the label to penetrate and be successful in the market.

- *The label must be relevant and credible*

The Label must serve a genuine need for information for consumers. The criteria must be relevant and satisfy consumers' need for information.

- *The label must signal an added value compared with ordinary market products.*

The criteria must be at a level significantly above the legal requirements. The criteria must also be revised regularly.

- *The label must be comprehensible to consumers*

The criteria must be clear and communicable to consumers.

- *The label must be known*

The introduction of a label requires a major information and marketing campaign.

- *Compliance with the criteria must be verifiable*

There must be a control system to ensure verification of information

- *The label organisation must be transparent*

The requirement of transparency applies to the compilation of criteria, attribution of the label and control measures. The label must be supported by other information.

- *The economic consequences of the label must be acceptable*

The economic consequences are important for consumers, who often have to pay a higher price, and for companies competing in the market.

- *Cooperation between actors is necessary*

The willingness to cooperate between companies, the sector and the retail trade is essential to the impact of the label.

Data bases on ethics

There are a few data bases for consumers, such as the Danish *Etikbase* and the Norwegian *Etisk forbrukernetttverk*, aiming to provide positive information on ethical

aspects of the production of goods and services (not just foodstuffs), and a number of data bases, e.g. *NorWatch*, *SwedWatch* and *FinnWatch*, that provide information on any company breach of ethics. The report concludes that within a few years information via the Internet is likely to be an important tool to supplement the labelling and especially to provide voluntary information on ethical questions, etc.

2. Need and Models for Ethical Labelling

The basic public attitude to ethical conditions applying to the production of food has been laid down in the legislation on the environment, working environment, animal welfare, etc. The ethical values discussed in the report are to some extent embodied in the legislation. In the Nordic countries consumers also assume that the legislation sets an acceptable standard, and that basic ethical requirements will be met by farmers, fishermen, food producers, commerce and other actors. There are, however, major variations in different parts of the world as to what is ethically defensible, and legislation has a limited scope when it comes to ethics in food production globally.

Need for ethical labelling

Ethical labelling is a method that may be used to influence production conditions through the market mechanism. It is a tool that serves two objectives: First of all the labelling provides information that consumers may use to make a conscious consumption choice based on ethical considerations. Secondly ethical labelling influences producers and encourages – or actually constrains – them to consider ethics in their production.

Labelling is thus a market instrument used by the parties in the market, i.e. consumers, producers and commerce. Furthermore, labelling is used by authorities as a tool in consumer politics, both to ensure consumers receive information, and to steer social development in a desired direction.

Growing wishes and demands for labelling are not devoid of problems. Especially with respect to information on ethical aspects consumers express some concern whether more information on foodstuffs is useful. The food industry often maintains that labelling demands are too extensive already. Food authorities may be reticent about labels detailing information on qualities other than actual food specifics. They are concerned that the labelling on food specifics may be overshadowed by other information, and that extensive obligatory labelling is cumbersome, especially for smaller companies, and burdens authorities with more control work.

Despite worries that labelling may be overwhelming and costly, there is an apparent need for information on ethical conditions in food production amongst groups of consumers. The issue is on the public agenda.

Labelling models, types of regulation and control possibilities

Some of the existing ethical food labels are based on more than one ethical criterion, others focus on a single criterion. The organic label, for instance, includes both respect for the environment and animal welfare. The Fairtrade label focuses on human rights and also includes some environmental considerations. The labelling of eggs with production method includes animal welfare.

So far labels have been based on a few ethical criteria. The report discusses whether future developments may point towards a sustainability label that covers many criteria throughout the entire production and retailing chain. It is, however, a difficult task to establish and control the criteria of a labelling scheme covering many different qualities during the life cycle of the product. Possibly, labelling with sustainability is easier to implement for production processes in agriculture and fisheries than for industrial foodstuffs.

Ethical labelling is mostly used voluntarily by companies and retailers. Voluntary labelling is regulated in different ways. Private labels and ethical claims must satisfy the general legislative provisions on labelling and misleading advertising. The report concludes that this type of voluntary labelling may function on market premises within the framework of the legislation without special public rules and specific public administration.

Other voluntary labels may be regulated through detailed legislation. For example organic labelling – and until now the labelling of eggs with production method – is voluntary, but if labels are used, they must comply with the EU regulation provisions. The legislation on the internal market in the EU always aims to improve market functioning, and thus organic and egg rules must ensure reasonable terms of competition for producers and commerce and correct information for consumers. The report concludes that legislation is a demanding tool. Experience from the EU regulations shows that it is a difficult and time-consuming task to fix criteria, and that the control system imposes a heavy workload on industry and food authorities in terms of registration, accounting and control visits.

The only mandatory EU requirement that may be motivated by ethical considerations is for labelling of food produced by means of genetic modification. Furthermore, the labelling of eggs with production method will become obligatory in the EU as of 1st January, 2004. The report concludes that mandatory labelling of ethical qualities of food has been introduced whenever labelling is an express wish from consumers, when labelling is important to the functioning of the market, and when there are insufficient incentives for producers and industry to label voluntarily.

For every labelling scheme controls must be established. There are different ways of organizing controls, from hiring an independent auditor, institute or organisation to using a specialized certification body, working according to international ISO and CEN standards. Experience from EU labelling schemes shows that the administrative burden of controls becomes heavier when labelling moves from voluntary to regulated or mandatory labelling.

3. Conclusions

The mapping out of ethical food labels shows that there are already generally recognized labelling schemes that cover some of the ethical criteria that are live issues in food production. In particular, the organic label and the Fairtrade label have been successfully built up over the years by international cooperation between different actors and determined information efforts.

The report analyses to what extent the existing labelling and other information methods respect sustainability, human rights, animal welfare and the environment. The project group has discussed strengths and weaknesses of the different labels and information

systems and evaluated where it sees development potential in the sense of industry, organisations and authorities stepping up their information on ethics.

The potential for development exists both in areas where labelling schemes already exist and areas where there is no ethical labelling yet. The basic criteria for existing labels may be extended to cover the message of the label and be relevant for consumers' attitudes. Existing labels cover a relatively small share of the market. If the aim is greater market shares, consumers will have a greater choice. Furthermore, supplementary information material may be added to give consumers more detailed information about the scope of the labels.

The report concludes that existing labelling schemes should be maintained and strengthened within the existing framework. The study has found no reason to call for organisational changes for existing labelling schemes. They may be developed by the actors – authorities, industry and organisations – that were parties to the establishment of the label, and within the existing organisational framework. The report stresses that the initiative for ethical labels has often been taken by NGOs in order to promote objectives such as sustainable production systems and fair trade. Industry and commerce have subsequently joined the initiatives and in some cases authorities have issued rules, partly to safeguard market functions and partly to guide social development. Existing actors should continue to participate in the development of the labels.

In the areas where public opinion points to a need for information, but where ethical labelling does not yet exist or only to a limited extent (i.e. sustainable production and respect for human rights) there is potential for labelling schemes and/or other information systems being introduced.

The report points to the difficulties that would accompany the introduction of a general sustainability label, especially for industrial, composite foods. The laying down and revision of the many criteria that are significant for sustainability throughout the production chain is a very demanding task, and the control is difficult and costly. It also points to the advantages of a sustainability label. A single label may conceivably pass a complicated message in a recognizable and conspicuous way, and be used by consumers when they shop. The report concludes that before a sustainability label is introduced, the advantages of a sustainability label in different product areas should be weighed against the considerable difficulties.

Earlier experience shows that “bureaucratic labels” that are introduced by authorities are unlikely to work well even though industry has supported the labelling more or less voluntarily. This experience and the ongoing deregulation of society indicate that the development of potential new ethical labels is best done through an industrial initiative as part of the competition for consumers' favour and/or organisations wishing to promote ethical objectives. When new labels are introduced by industry or organisations they are by nature voluntary.

Against this background the project group has reached the conclusion that at the moment there is no basis for suggesting that a general ethical label for food be introduced under a Nordic Council of Ministers' arrangement. The project group has emphasized that an alternative method would be to develop other information methods than labels, e.g. data bases, to give consumers the possibility of choosing foodstuffs from ethical considerations. The development of consumer information on ethics should

be based on a broad range of information methods, i.e. labelling, electronic information, dialogue and public opinion – and the synergy effect between them.

4. Proposals for Further Initiatives

The report finally sets out a number of concrete proposals for joint Nordic initiatives aiming at promoting consumer information on ethical conditions in food production.

The proposals are based on project group discussions on how existing labelling works and what potential there is for further development. The proposals only include initiatives where the project group sees an advantage in action taken by authorities in Nordic cooperation. This excludes initiatives by industry and organisations as well as national initiatives, if any. The proposals do not add up to a full solution that meets all wishes for ethical labelling and information, but contribute to the dynamic development of the area.

Proposals for the creation of a framework for information on ethics:

- *Development of information and educational methods on ethics in food production.* Firstly, a multidisciplinary seminar under the aegis of consumer, food and environmental authorities is proposed, with the participation of representatives for the food industry, retail trade and consumer and other organisations. This forum with different actors should try and produce a clearer picture of what consumers expect of authorities and industry with respect to ethical information. It should discuss how consumers may be involved in the debate on ethics, as well as modern information methods through the Internet, shop scanners, etc.
- *Analysis of economic consequences of the use of different methods of informing on ethical conditions in food production.* The project group proposes that the Nordic Council of Ministers starts a project evaluating the economic consequences of various initiatives to inform consumers of ethical conditions in food production. There is very little knowledge of the efficiency of different information methods compared to costs. A cost/benefit analysis may give an idea of costs as well as provide knowledge of the effectiveness of information methods, and how consumers' ethical awareness influences production methods and trade.
- *Nordic guidelines for the use of ethical claims in marketing.* The project group proposes that the Nordic Council of Ministers asks for common guidelines for the use of ethical claims in marketing. The project will entail a legal assessment of aspects of misleading advertising in the use of ethical claims at a time where claims are not yet flourishing in the market. Through the guidelines industry will get guidance on how to give consumers ethical information without misleading them.

Proposals for the development of tools for information on ethics:

- *Labelling of fish from sustainable fisheries.* The project group recommends that the Nordic Council of Ministers continues its ongoing work on the labelling of fish from sustainable fisheries. The market has called for a labelling scheme for fish from sustainable fisheries. A considerable effort has been put into preparing

criteria for sustainable fisheries, in the context of the Nordic Council of Ministers, and the project group supports the continuation of this work with a view to a concrete labelling scheme.

- *Nordic data base on sustainable production.* The project group proposes a preliminary study on the development of a consumer-oriented data base with information on sustainable food production, covering respect for human rights, animal welfare and the environment. The preliminary study can draw on experience from a Danish and a Norwegian ethics data base, and test the feasibility of using modern information technology in the complicated ethical area. The preliminary study will help establish whether data bases are a cost-effective information tool.
- *Methods for assessing the environmental impact of food.* The project group proposes that the Nordic Council of Ministers should have an expert study made in order to collect available know-how on the use of lifecycle analyses and other methods to assess the environmental impact of food production, trade and consumption. The environmental impact of the food chain is a difficult, but important question that needs to be discussed. In the context of this report the aim is to create a basis for consumer information and give consumers better opportunities to select food on the basis of environmental concerns.
- *Development of criteria and labelling for animal welfare.* The project group proposes that the Nordic Council of Ministers should open a dialogue with the food industry on animal welfare and call upon the industry to use labels voluntarily to signal that extraordinary considerations for animal welfare have been taken. The labelling should be based on criteria significantly above the legal requirements, and credible control schemes must be set up.

Introduction

The 1980s saw a surge in interest in the so-called “soft” qualities of foodstuffs among Western consumers. The interest is focused on environmental considerations, the welfare of livestock, working conditions, the use of child labour and other ethical aspects of the production and consumption of food. “The political consumer” has appeared. The political consumer does not select food solely on the basis of price, taste or attitude, but chooses or rejects also on the basis of political or ethical beliefs. Whereas the discussion used to be about the political consumer or political consumption, usage has changed in recent years, and in literature the concept of ethical consumption is now used with practically the same meaning.

A representative Nordic labelling survey¹ carried out in 2000 showed that consumers take a great interest in soft values. Consumers are very conscious of the fact that their consumer choices may affect the way food is produced, and a majority state that they are willing to pay a premium for foodstuffs produced in processes with respect for ethical values. One of the conclusions of the survey is that there is every reason to take the attitudes and demands of political consumers seriously in food policy.

Among its long-term objectives for the food sector, the Nordic strategy for sustainable development² provides for a system that, via product labelling and through general consumer information, will ensure that consumers have the possibility of making a real and informed choice based on ethical considerations, etc.

This report is intended to sum up existing experience of ethical labelling of foodstuffs and assess the need and possibilities for further ethical labelling and other means of consumer information. Furthermore, it is intended to describe how consumers may best be informed about ethical aspects.

The work is based on a review of existing ethical food labelling and literature studies of Nordic and European reports relating to ethical consumption. On this basis, we attempt to throw light on ethical aspects of food production in present day terms. We try and assess which ethical aspects today’s consumers take an interest in, how ethical values influence consumer choices of food and what possibilities consumers have for choosing on the basis of ethical considerations.

On the basis of the project group’s assessments of needs and potential for ethical labelling and other means of information on ethical considerations, the report will conclude with concrete proposals for further initiatives in the field.

¹ Nordic Council of Ministers, Consumer demand for food labelling and product information. A Pan-Nordic survey of consumer behaviour and attitudes to food labelling. TemaNord 2001:501.

² Nordic Council of Ministers, Sustainable development. A new course for the Nordic Countries. TemaNord 2001:505.

1. Experience of Ethical Labelling of Foodstuffs

The first section of the analysis defines a number of ethical aspects of current interest for the food sector. Furthermore, it discusses the main Nordic and European reports on ethical consumption, a survey of existing and planned ethical labelling of foodstuffs and examples of information on ethical aspects on the Internet.

1.1 Concepts and Definitions

In this report ethical labelling means the fact that a product is labelled with information that ethical values have been respected during the production process. The information may appear as a text or a symbol on the product, or a combination of text and symbol. The labelling is intended to enable the consumer to choose on the basis of ethical considerations.

Ethical labelling is not an unequivocal concept, but has different definitions depending on context. This report on *ethical labelling of foodstuffs* is based on the ethical values that are on today's agenda, specifically in the context of the production and consumption of food. We have taken a broad approach covering the ethical issues that today's consumers, producers and industry are interested in, ranging from human rights and animal welfare to respect for the environment. The ethical issues often revolve around the effect of production methods (and/or trade organisation) on human rights, animal welfare and the environment. The situation is dynamic, and new ethical issues emerge as society develops.

The concepts used in this report are defined below, and the discussion of ethical labelling of foodstuffs will be delimited by the definitions. The approach is based on the fact that people evaluate things differently, and the report will not look into the reasoning that lies behind different ethically based convictions.

The notion of what is ethically correct depends on the individual. On the basis of his moral beliefs and evaluations the individual decides whether to buy, for instance, sustainably produced foods from developing countries, select organic local produce or products with the lowest price. Another example is that the individual citizen may consider that home produce has been produced with large agricultural subsidies, and that these subsidies constitute a main barrier to market access for the developing countries. What is ethically correct is a political and philosophical consideration which will not be discussed within the framework of this report.

It is, however, clear that existing food labels providing information on ethical considerations in the production process, which are described in subsection 1.4 of this report, are based on normative ethical considerations. The labelling is based on a set of criteria laid down by the owner of the label (who has established the labelling), and

these criteria are based on evaluations of what is ethically correct in the concrete context.

Sustainable development may be seen as an overriding concept and as a framework that may comprise a number of ethical aspects, also for the food sector. In the Nordic strategy sustainable development has been defined in continuation of Agenda 21, the Rio Declaration, and the Brundtland Committee's definition of sustainable development:

“Sustainable development isdevelopment that meets the needs of the present without compromising the ability of future generations to meet their own needs .(... ..) Sustainable development is not a definite situation of harmony, but rather a process of change. Resources, investments, technological advancements and institutional changes must be coherent with future as with present needs.”

The ethical considerations seen in today's debate on food appear to fall clearly within the framework of sustainable development. It seems reasonable to include the following concepts in this analysis:

Human rights in this context concern mainly the human conditions in which foodstuffs are produced, i.e. the working environment, health and safety for workers, rest, leisure, freedom of organisation and absence of discrimination. It is in this relatively narrow sense the term “human rights” has been used so far in discussions on ethical labelling.

Use of child labour concerns children's rights and is a special aspect under human rights.

Human rights in a broader sense – as laid down in UN conventions – concern not just the conditions for workers during the production, but also general social conditions in a country, such as the use of torture in oppressive regimes, discrimination, lack of democratic rights and lack of access to health, education and other social rights. Human rights in the broader sense will not be covered by this analysis of ethical labelling.

Animal welfare concerns the conditions of animals during all stages of life. The interest centres on livestock, but also research animals may play a role in food production.

Environmental protection in this context concerns the production and consumption of foodstuffs with the least possible harm to the environment. The environmental effect of a foodstuff is viewed throughout the production and consumption chain in a “cradle to grave” assessment (lifecycle analysis), taking into account the use of natural resources, energy consumption, eco-toxicological effect, the leaking of phosphorus and nutrients, the transport of food and finally waste treatment.

Ecology concerns agricultural production aiming at a sustainable production system with respect for the environment and animal welfare.

Ethical considerations or concerns about long-term environmental consequences are shared by many consumers in their attitude to *the use of genetically modified organisms* in food production.

As mentioned, the definition of *ethical labelling* varies in different reports on the subject. Later on in this analysis we will refer to reports using various delimitations, and therefore we mention some of the definitions here:

A new Nordic survey on ethics and consumption³ uses a narrow definition which is limited to include values based on corporate social commitment and the human values applying to production, i.e. human rights. In other contexts this type of labelling has been called *social labelling*, a term defined by the New Economics Foundation, a London-based think tank for social and environmental management⁴. It should be noted, however, that The New Economics Foundation also defines *ethical trade* in such a way as to limit it to include basic human rights and workers' conditions.

Ethical labelling is often discussed in reports on companies and research into the *corporate responsibility to society*⁵ or *corporate social responsibility*⁶. This means companies' responsibility for the way they affect the environment, human beings and the economy. In this context the concept *corporate sustainable development* is often used, defined by the *triple bottom line*, known as the three Ps: *People, Planet Profit*⁷. It underscores the fact that companies must contribute to sustainable development by finding sustainable solutions for the economy, the external environment and for human beings. Ethical labelling is a relevant tool for companies to inform consumers of the social and environmental effect of individual products.

³ Nordic Council of Ministers, Consumers' sense of ethics, TemaNord 2001:583

⁴ Simon Zadek, Sanjiv Lingayah and Maya Forstater, the New Economics Foundation, Social Labels: Tools for Ethical Trade, final report for the European Commission, 1998.

⁵ The National Agency for Enterprise and Housing, Ministry for Economics and Industry, Ethics in industry – corporate social responsibility. ErhvervsUdredning, March 2002 (Danish only)

⁶ Commission of the European Communities, Green Paper on the Promotion of a European Framework for Corporate Social Responsibility, Brussels, 18.7.2001, and Communication from the Commission on Corporate Social Responsibility: A business contribution to sustainable development, Brussels 2.7.2002.

⁷ Skadegård Thorsen, Hannah Krog and Soraya Ramoul, Expert report on the Government Business Strategy, Ministry of Economic and Business Affairs & Corporate Social Responsibility, 2000 (Danish only)

1.2 Outline of Descriptions of Ethical Consumption in Literature

This section discusses Nordic and European reports on ethical consumption and the motives and patterns of reaction of the ethically conscious consumer. The interest in ethical consumption is closely linked to developments in society, and examples are given of how industry, social institutions and the EU have put ethical aspects of production and consumption on the agenda. Conclusions from literature on the use of ethical labelling round off the section.

1.2.1. The Background to Ethical Consumption

Western consumers' interest in ethical consumption is a phenomenon linked to the development of society: Economic growth and wealth, the development of production technology, improved education, the change from an industrial to an information society, globalisation and changes in the social attitudes of citizens, such as individualization and declining trust in authorities.

This is not to say that ethical consumption is a recent development. Ethical considerations have also influenced the production and consumption of goods by human beings in the past, just like humans have demonstrated unethical behaviour such as ruthless exploitation of resources and excessive consumption. What is new about ethical consumption is that it is now used as a political means to influence the development of society. There are a few examples of political consumer behaviour from earlier centuries. An example in point is the quote from 1891 from Josephine Shaw Lowell, who founded the New York City Consumers League:

*“It is the duty of consumers to find out under what conditions the articles they purchase are produced and distributed and to insist that these conditions shall be wholesome and consistent with a respectable existence on the part of the workers.”*⁸

The political tools were put to use on a broad scale in the 1960s, for example as consumer boycotts of companies whose production and marketing methods were considered immoral by the public. From the 1980s the social debate on ethical consumption has gathered speed.

A report on the political consumer dating back a few years, produced by the Copenhagen Institute for Futures Studies in cooperation with Elsam in Denmark⁹, points out that political consumption may be interpreted as a wish to make a difference and play a more direct role in some of the many areas the media confront the citizens with every day. The consumers use the market to influence social development through

⁸ Linda F. Golodner, Apparel Industry Code of Conduct: A consumer Perspective on Social Responsibility, Paper to Notre Dame Center for Ethics and Religious Values in Business, 1997. Linda F. Golodner mentions in her speech that the National Consumers League as early as the 1900s developed and monitored White Label, that was used in ladies' and children's underwear of cotton jersey produced in factories that respected certain basic workers' rights.

⁹ The Copenhagen Institute for Futures Studies and Elsam, The Political Consumer, 1996. (Danish only)

their choice or rejection of products or producers. Through their consumer choices they express their attitudes to environmental issues, labour market conditions, animal protection, etc., or to individual cases arising as a result of the global or local behaviour of companies or states.

“From a political point of view political consumption can be described as the individual’s conscious effort to influence social development by means of a consumer choice. Political consumption may be seen as a way in which the individual, through a consumer choice between various producers or products, consciously wishes to determine or distribute the values of society.”

The Copenhagen Institute for Futures Studies stresses in its definition of the political consumer attitudes and values relating to the community:

“Consumption is traditionally considered a selfish act with the purpose of fulfilling private needs and promote personal interests. Political consumption differs precisely by also being oriented towards the community and include an overall view going beyond narrow personal interests. The community may be the next generation or grandchildren, the local environment or global contexts.”

The Nordic report on ethics and consumption¹⁰ also stresses that ethical consumption is about using the consumer channel to exercise political influence. The report quotes the Danish sociologist Bente Halkier, who points out that the consumer channel for political influence is here to stay – it is a means of bringing one’s ethical or political influence to bear without actually joining an association or a political party. But at the same time the report questions whether this commitment is an established part of concrete consumer behaviour.

1.2.2 Consumers’ Motives for Ethical Consumption

A certain level of material wealth is required before consumers feel that they can afford to live in accordance with their ethical beliefs. When incomes rise, the weight is shifted from satisfaction of material needs to social and cultural needs. It is no longer enough to eat one’s fill, but food acquires other functions by satisfying physical and psychological needs.

In the above-mentioned report the Copenhagen Institute for Futures Studies sets out the thesis that consumers choose to satisfy their need for prestige and self-realisation through consumption, and that this is largely due to the choice of lifestyle and experience products offered in the market and by companies. According to the Institute, the fact that there is a political angle to consumption can be related to the intense focus on and reporting of political issues in the media, whilst the political system seems to have difficulties tackling the problems.

The consumers’ motives for ethical consumption are also analysed in the Nordic report on ethical consumption. The report produces a model prepared by the market research company Advice Analyse A/S, Denmark, with four motives to for consumption in accordance with ethical beliefs.

¹⁰ Nordic Council of Ministers, Consumers’ sense of ethics, TemaNord 2001:583

The first motive is public: Consumers see ethical consumption as a political action and means of participation, which allows them to express attitudes and involve themselves in a good cause together with others.

The other motives are private: Ethical consumption is seen as a social need in order to be a particular kind of person. The institute sorts the private motives into three groups: Social motives, care motives and pleasure motives.

“The social motive is about quite fundamental human feelings, that we live together ¹with other human beings and try to achieve recognition, to create networks and establish social affiliation”, the institute writes, and that “it is about the creation of identity”.

The care motive relates to *“care for other people and personal sacrifice”* and is therefore a very self-evident motive for ethical consumption. According to the institute, the care motive is, however, closely linked to care for our nearest and dearest, the family, and it is therefore difficult to mobilize it in favour of the ethical commitment. *“It is difficult to extend care to the workers who have produced something. It may be easier to involve animals and nature.”*

The pleasure motive is, in the words of the institute *“deeply embedded in the hedonistic driving force behind consumption for more and new experience. This motive, which on the face of it may seem contradictory to ethical commitment, actually turns out to be a very important motive in the shape of ‘the taste of a good conscience’.”* The institute notes that *“several recent consumer surveys show that hedonistic pleasure is a decisive driving force behind the constant innovation of our consumption. Not just innovation in the sense that we enjoy acquiring more things, but also innovation in the shape of enjoying consuming in an innovative and different way”.*

The report from the New Economics Foundation¹¹ also stresses in its analysis of consumer behaviour that ethical consumption is not exclusively an altruistic choice. Consumers choose a product matching their ethical expectations if its usefulness is greater than the cost. The cost may be a higher price, the trouble of finding such a product, lower quality of the product or simply a lack of choice. The usefulness may consist of positive feelings, the “feel good factor”, in self-realisation or the creation of a social identity.

¹¹ Simon Zadek, Sanjiv Lingayah and Maya Forstater, The New Economics Foundation, Social Labels: Tools for Ethical Trade, final report for the European Commission, 1998.

There are, however, other more idealistic views of the motives driving consumers to ethical consumption. This is a quote from the National Consumers League, USA:

Consumers who are educated about exploitative working conditions and feel a sense of responsibility to act upon this knowledge find frustration in the market place. As a reaction to a lack of information and labels to help the conscientious consumer identify products made under decent conditions, many consumers are taking personal action – to include even personal boycotts of certain products, companies and countries.¹²

Especially in connection with ecology there has been a discussion of consumers' motives for choosing organic foodstuffs. Do consumers choose organic produce out of respect for the environment and animal welfare (the political or public motive), or do they choose organic to identify with a certain social group (the social motive), out of respect for their own and their children's health (care motive) or to acquire the taste of a good conscience (pleasure motive)?

According to a Swedish consumer survey¹³, 33% chose organic food for environmental reasons, 21% because they felt the quality was better, and 19% because they thought that organic products were more useful/wholesome. Only 3% mentioned concern for animals as a motive, and 5% stated that "it feels better" and "satisfies the conscience". 43% of consumers who rarely or never bought organic (KRAV-labelled) products, explained that the price was too high, 13% answered that they did not think about it, and 8% stated that they were sceptical of KRAV.

A Finnish memorandum from the Ministry of Agriculture and Forestry¹⁴ stresses that consumers' motives vary, and therefore it is not possible to describe the typical ecological consumer. Also the Association of European Consumers AEC¹⁵ finds that consumers want a broad view of organic food production. A desire to support local production, improve animal welfare and health, a search for trustworthy business partners and a wish to make a political statement may be contributory factors to choosing organic.

¹² Linda F. Golodner, Apparel Industry Code of Conduct: A Consumer Perspective on Social Responsibility, Paper to Notre Dame Center for Ethics and Religious Values in Business, 1997.

¹³ Hans-E Holmberg, Report: Consumer Survey on Organic Produce/krav, LUI Marknadsinformation AB, 1999-12-21 (Swedish only). The figures are based on a telephone interview with 198 consumers, who were found in a previous representative questionnaire survey in 1999 out of 2398 randomly selected persons (LUI Marknadsinformation AB, Food in Sweden) In the subsequent telephone interview the persons who agreed with the statement "I often choose KRAV-labelled products" were selected.

¹⁴ Ministry for Agriculture and Forestry. Proposal for Developing Organic Food Production. Memorandum from a working party MMM 2001:10 (Finnish only)

¹⁵ Association of European Consumers, AEC Comments on the legislation on Organic Action Plan for Organic Food and Farming, Opinion Paper 16th May 2002.

1.2.3 Consumer Reaction Patterns

Ethical or political consumption is described in literature either as negative or positive consumption.

Negative political consumption is a behaviour where a product or a producer is discarded on the grounds of conscious values or beliefs focusing on common values.

Positive consumption can be described as a behaviour where a product or a producer is chosen on the grounds of conscious values and beliefs focusing on common values.¹⁶

Negative political consumption has been known for a number of years, particularly in the shape of consumer boycotts of products and companies whose production or marketing methods are considered ethically questionable by consumers. Negative consumption is the rejection of such companies' products.

Positive political consumption has been gaining a foothold in several areas and may best be seen reflected in consumers' choice of environmentally friendly products. Many consumers may for example choose organic foodstuffs because of a positive attitude to ecological principles – and out of consideration for their own and their families' health – rather than out of a desire to boycott traditional agriculture.

1.2.4 Consumers' Attitude and their Behaviour

When consumers are questioned in surveys about their attitude to food production which respects ethical concerns for animal welfare, environmental protection or workers' conditions, a large share of consumers say that they are willing to pay extra for food produced in an ethically correct fashion.

In a survey carried out by the Copenhagen Institute for Futures Studies in cooperation with Greens Analyseinstitut¹⁷ a share of 30% of the population was characterized as political consumers. Political consumers were defined on the basis that they had boycotted products for political reasons within the latest year, and at the same time they always or often attached importance to political aspects in their choice of products. 44% of the interviewees answered that they often choose products (all types of products, not just foodstuffs) on the basis of considerations of the link between the product and the environment, animal welfare or human rights, whilst 9% answered that they always do. About 26% answered that they only rarely consider such concerns, and 16% never did.

Furthermore, the survey defines a group of 25% as “consumers with political favouritism” who always/often base their choice of products on political considerations, but who do not boycott. A group of 12% “protesting consumers” had boycotted products within the last year, but rarely or never use political reasons in their choice of goods.

¹⁶ The Political Consumer, written by the Copenhagen Institute for Futures Studies in cooperation with Elsam, 1996.

¹⁷ Ibid. The survey was based on 861 representative telephone interviews in Denmark in February 1996.(Danish only)

The traditional or non-political consumers who neither boycott nor rarely or ever stress political attitudes in their choice of products made up about one third of the population, according to the survey.

As early as 1996 many of the political consumers thought – unlike the majority of the population – that companies should have a clear-cut attitude to essential political issues, and they attached importance to producers' environmental policy, whereas their staff policy or their record on human rights only occasionally influenced their consumer choice.

The political consumers thought that the political consumption must be a personal matter. Retailers are not expected to remove articles from their shelves or favour certain articles in a given situation, but shops are welcome to facilitate consumers' choices by labelling and information.

In the Nordic survey on consumers' demands for food labelling¹⁸ in 2000, 77 and 67% of consumers respectively stated that they are willing to pay a premium for foods produced with respect for animal welfare and environmental considerations. Compared with earlier surveys, there were surprisingly many consumers, 70%, who thought that consumers should express their views, e.g. by boycotting foodstuffs. Furthermore half the consumers wanted more information about particularly ethical aspects of production.

On the other hand, there were almost as many consumers, 66%, who said that price often determines their choice of foodstuffs. Furthermore, 44% of consumers thought that the information on ethical considerations such as animal welfare and the environment was often misleading.

In a Finnish survey of consumer attitudes to ethical trade¹⁹, almost 60% of the interviewees thought that it is important to establish ethical rules for trade. The use of child labour, infringement of human rights and lack of care for the environment were brought up as the most important problems. Only one interviewee in five thought that consumers can influence trade so that greater respect will be shown for ethics, whereas the majority (69%) felt that the influence of consumers was negligibly small.

Especially for coffee and other products marketed with fair trade labelling, 75% of the Finnish survey answered that they were ready to pay more for the Fairtrade products.

Another Finnish survey of consumers' attitude to corporate social responsibility²⁰ pointed out that it is a topic on the public agenda, and that companies respond to consumers' growing awareness of ethics in industry by stressing ethical behaviour in line with their record on environmental protection.

¹⁸ Nordic Council of Minister, Consumer Demand for Food Labelling and Product Information A Pan-Nordic survey of consumer behaviour and attitudes to food labelling. TemaNord 2001;501

¹⁹ Kari Ruotanen, Marketing Radar. Survey of attitudes to ethical trade and business activities in Finland. Summary of results 2001. The survey was based on telephone interviews with 600 persons between 18 and 65 (Swedish/Finnish only)

²⁰ Portrait of the ethical consumer. Consumers' attitudes to corporate social responsibility and the use of child labour. Tampere University, October 2001. (Finnish only). The survey was based on a questionnaire which was sent out to 1400 persons, 297 of whom returned a completed questionnaire.

Consumers' view of the scope of corporate social responsibility was rather vague. Many mentioned compliance with workers' rights (17%), contribution to the development of society via taxes, etc. and the creation of welfare (17%), environmental protection (15%), observance of legislation (15%) moral and ethical responsibility (14%) as essential areas of corporate responsibility. Fewer thought of working conditions in developing countries (5%) or whether companies should refrain from using child labour (8%).

Consumers did not feel a personal responsibility for working conditions in the developing countries, but placed the responsibility primarily on the authorities of the production country, on the company using the labour, and on the importers.

A number of surveys²¹ and market analyses show that there is a dichotomy between consumers' attitude and actions. The concrete actions of consumers are decided by price, availability, health and taste, which are stronger motives than ethics. There is also a trend where the answers given in interviews are a little more politically correct than daily actions. Such an answer in itself contributes to the feeling of a clean conscience.

One of the earliest – and actually very few – surveys that have been published on the significance of consumer attitudes for consumer behaviour is the survey *Do ethics sell?* from 1995 from CASA (Centre for Alternative Social Analysis) in Denmark. It is a survey of telephone interviews and conversations with professionals from production, sales and marketing of household goods, and literature studies. This is how the sales and marketing of products chosen by consumers on grounds of attitude and conscience were reported in 1995. To be specific, the survey covered the sale and marketing of eggs and poultry, organic produce and coffee – all products where there was a fair supply in Denmark of products produced with respect for ethical values.

The survey concludes that the ethical attitudes of consumers were actually reflected in their behaviour, and that the most marked changes at the time concerned the area of animal welfare in terms of the demand for eggs that have been produced by alternative methods to battery production. A large share of Danish consumers did not want to buy eggs from battery hens, even though alternative eggs were more expensive. The consumers' animal friendly attitude did not, however, influence the choice of poultry. The survey showed that for a long time consumers had been used to poultry being cheap, and the animal friendly attitudes were not important in a choice where the price was twice as high, i.e. a relatively large amount, for poultry bred in accordance with certain ethical principles. Furthermore, the choice and availability were not as wide as for eggs.

The survey showed that organic foodstuffs had been of interest to consumers for some time²³, but the supply was limited until the cooperative supermarket chain

²¹ See: Simon Zadek, Sanjiv Lingayah and Maya Forstater, The New Economics Foundation, *Social Labels: Tools for Ethical Trade*, final Report for the European Commission, 1998, and Grøn Information, *Do Green Attitudes lead to Green Actions? On behaviour and attitudes in the environmental area*, 1997 (Danish only), and Nordic Council of Ministers, *Consumers' Demand for Food Labelling and Product Information. A Pan-Nordic survey of consumer behaviour and attitudes to food labelling*, TemaNord2001:501.

²³ Two surveys from 1992 pointed out that 30% and 60% of consumers, respectively, were interested in organic produce, see Flemming Bjerke, *Consumer Interest in Organic Products*, RUC 1992 (Danish only),

SuperBrugsen lowered prices in 1993 and displayed organic products more prominently in their shops. When all supermarket chains followed suit, the most popular organic products were accessible to all. Then came the sales boom for organic produce. The report concludes that products which are on offer in a plentiful and visible supply and do not differ significantly in price from conventional ones have been relatively more successful.

Experience of the sale of coffee marketed with fair trade labelling was so limited in 1995 that the survey did not conclude anything about consumers' attitude and the market potential for this product.

The survey concludes that what determines a sales success for products that are produced with respect for ethical values may be reduced to three main factors:

- Availability and supply of alternative products,
- Price compared with conventional products, and finally
- How important the alternative products are to consumers, compared with conventional ones

“This latter point is by far the most difficult one to investigate”, it states. There was no unequivocal

explanation of the motives that made the consumers change their behaviour and move from conventional to alternative products.

Various actors in society and in the market influence consumers, but little is known about how consumers perceive and deal with the influence from such actors. When it came to consumers' choice of alternative eggs, opinions differed as to what was significant for consumers' attitudes and behaviour. Producers saw consumers being tossed between animal welfare association and media campaigns and the wishes of the retail trade to raise their profile in the eyes of the consumer. The retail trade saw consumers' preference for products produced with respect for animal welfare as a growing and permanent trend they wanted to latch on to. There was quite a lot of acrimony against the retail trade from egg producers, because the retail trade had not given timely warning to the producers of the change in demand for alternative eggs. Producers had invested large amounts in batteries, and they were sluggish in changing the production systems.

1.2.5 Companies and Ethics

This report is not intended to produce an analysis of companies' interest in ethical aspects of production and trade. Therefore only some important trends will be mentioned, especially ideas about companies' general or social responsibility that have arisen during the 1990s and are still developing.

In July 2001 the European Commission published a green paper entitled “Promoting a European Framework for Corporate Social Responsibility”²⁴. The green paper was

and Kai Kristensen and Suzanne Grunert, *The Danish Consumer and Organic Food*, The Århus Business School, 1992 (Danish only).

²⁴ Commission of the European Communities, *Green Paper, Promoting a European Framework for Corporate Social Responsibility*, Brussels, 18.7.2001.

followed by the Commission Communication of July 2002 on corporate social responsibility²⁵, in which the Commission presents the EU strategy to promote corporate social responsibility (CSR). CSR is defined as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. The Commission notes:

“There is today a growing perception among enterprises that sustainable business success and shareholder value cannot be achieved solely through maximising short-term profits, but instead through market-oriented yet responsible behaviour. Companies are aware that they can contribute to sustainable development by managing their operations in such a way as to enhance economic growth and increase competitiveness whilst ensuring environmental protection and promoting social responsibility, including consumer interests.”

As is the case with consumer interest in ethical consumption, companies’ interest in ethics is linked to trends in society. A public Danish report on ethics in industry²⁶ formulates the background and the motivation as follows:

“Among companies, political institutions, interest organisations and media today there seems to be broad consensus that companies should and must assume a social responsibility beyond just optimising shareholder value. Value-based management, stakeholder values, social responsibility, involvement in society and ethics are on the industrial agenda.

The results of telephone interviews with international stakeholders²⁷ show that, behind the motives of individual companies, it is possible to identify an overriding motivation which helps to make it relevant and imperative for companies to show social responsibility. Several of the interviewees point to overriding social and economic driving forces such as globalisation, the progress of information and communication technologies, privatisation and increased wealth as the underlying forces that motivate companies to work with corporate social responsibility.”

The motives of individual companies are highly dependent on the company’s reputation in the global market and consumers’ trust in the company and its products. The companies must therefore be aware of and react to consumers’ demand for products that are produced and traded on an ethically sound basis. In recent years, we have seen examples where companies have been forced to change their business methods following negative consumer reaction through boycott of its products, which have had serious consequences such as loss of sales or image. The positive consumer reaction through choice of products correlating with their ethical attitude, is viewed by some

²⁵ Commission of the European Communities, Communication from the Commission on Corporate Social Responsibility: Companies’ contribution to Sustainable Development, Brussels 2.7.2002.

²⁶ National Agency for Enterprise and Housing, Ministry of Economic and Business Affairs, Ethics in business – Corporate Social Responsibility. ErhvervsUdredning 2002 (Danish only)

²⁷ Ibid. 15 telephone interviews with leading experts in the area and a small e-mail survey among essential resource persons.

companies as an opening for a new commercial market segment (cp the interview survey of marketing managers mentioned below).

Globalisation and information technology are the reasons why companies can no longer conceal what their policy is with respect to exploitation of labour and other resources, even in the remotest part of the world. With consumers' growing interest in ethical consumption and media focus on the subject, companies risk that an ethically criticisable behaviour becomes "hot news".

An interview survey²⁸ of 832 marketing managers in the best-known Danish companies shows that a large share of the managers interviewed (68%) thought that, in recent years, consumers had become more aware of the consequences of consumption on society, nature and human beings. Similarly, 79% of the marketing managers felt that consumers had become more critical of ethics and business morals among producers in recent years.

According to this survey (and other surveys) companies feel pressure from consumers. About 12% of the companies in the survey – 102 in total – followed an ethical strategy defined within the company, in the shape of internal ethical guidelines and ethical statements that are publicly accessible, and companies use messages about ethics and good morals in their marketing. The marketing managers in the 12% of companies that had chosen the ethics strategy said that they felt exposed to hard competition and strong consumer pressure.²⁹

Many companies have created or are in the process of creating an ethical profile that defines the company's conduct (codes of conduct) and intended to ensure that production and marketing methods are in accordance with the expectations of civil society. Other methods that companies use in their work on social responsibility are social and ethical accounts and reporting, certification, rating and screening for investors, social and ethical labelling schemes and involvement of and dialogue with the company's stakeholders.

As an example of a sector initiative on ethics, we mention an international declaration of 1st December 2001 from the cocoa and chocolate industry³⁰ against the gross exploitation of child labour in the growing and production of cocoa in West Africa. The declaration signed by the global cocoa and chocolate industry and by antislavery and human rights experts, consumer associations and workers' representatives is based on the sector's own action plan of September 2001 and includes six points, including a survey of working conditions in West Africa and the development of independent monitoring systems. According to this plan the industry will introduce, as of 1st July

²⁸ Companies and Consumer Policy. An analysis of the effects of consumer policy on companies' competitiveness and market strategies. Oxford Research A/S on behalf of the Danish Consumer Agency. Report 1998.2.(Danish only)

²⁹ Another group of companies – about 33% or 272 companies – had chosen a dialogue strategy. This means that they had got in touch with the consumer political authorities or cooperated with consumer organisations at their own initiative. In these companies they felt the competition was average (fierce) and there was pressure from consumers. The remainder of the companies – about 61% or 508 companies – had a neutral strategy, i.e. no ethical profile and no initiatives to contact consumer authorities or organisations.

³⁰ www.caobisco.com CAOBISCO, the Association of the Chocolate, Biscuit and Confectionery Industries of the European Union, has joined the action plan.

2005, a certification of cocoa beans used in chocolate production that has not been grown by gross exploitation of child labour.

Ethical values are very much on the agenda of the food industry and the primary production in agriculture and fishing. A case in point is a new Finnish survey on environment and ethics in food production³¹ which analyses how agriculture and food producers can meet consumers' demand and their need for information on environmental and other ethical questions. The survey sets out existing knowledge on how the ethical qualities of food production can be measured, verified and conveyed to consumers. The ethical aspects discussed in the survey include environmental protection, animal welfare and social values (human rights). The survey notes that the need for information can be expected to grow as a result of globalisation and the liberalisation of markets, and that information about the company and its products has growing significance. In the last decade, methods have been developed to measure the effect of food production on the environment (lifecycle analysis and other methods), whereas methods to assess other ethical concerns are flawed as yet, but are, however, being developed internationally.

According to the report the companies may build up their image and strengthen consumers' confidence in the company by differentiating their products with the help of environmental and ethical values. Companies will come up against the environmental and social challenges both nationally and internationally, and they will be able to strengthen their competitiveness by facing up to the challenges.

In 1998, the Nordic Council of Ministers asked a group of consultants to prepare a discussion paper for the fisheries sector³². The paper describes the power of the new political consumer, and what consequences the new consumer interest in the management of fisheries resources and in sustainable fishing may have for the sector. It sets out a strategy for the development of the fisheries sector with the purpose of meeting consumers' demands. Essential elements in this strategy are a number of initiatives to underpin sustainable fisheries, and to improve the marketing of fish, including the introduction of a labelling scheme to guarantee information for consumers about quality and sustainability.

1.2.6 Recent Conclusions on Ethical Labelling

In this section we refer to conclusions from a number of analyses of ethical labelling that have been carried out in recent years.

The president of the American National Consumers League, Linda F. Golodner³³ says that consumers – as a minimum – want a clear and credible opportunity in the market place for identifying products that are produced in decent conditions.

³¹ MTT Agrifood Research Finland, Environment and ethicality in food production – the challenges of verification and productification. 2002. (Finnish only)

³² Nordic Council of Ministers, The new market reality for fisheries – New challenges for Nordic fisheries. TemaNord 1998:523. Written for Nordic Council of Ministers, Fisheries Ministers, by Mandag Morgen MicroNews, April 1998.

³³ Linda F. Golodner, Paper to the Notre Dame Center for Ethics and Religious Values in Business, Apparel Industry Code of Conduct: A Consumer Perspective on Social Responsibility, October 1997.

The labelling committee that was set up by the Danish government in 1998 was given as one of its terms of reference to investigate “the possibilities of cooperating with companies to give higher priority to the work on voluntary labelling systems, including the possibility that labelling systems may be extended to include information on human rights, ethical and social aspects, etc.” The terms of reference, the committee’s deliberations and conclusions and recommendations are available in the committee report³⁴. On human rights, ethical and social aspects, etc., the committee says that it is an important area, on which especially consumers, the media and politicians focus. As a conclusion to its work on “labelling in new ethical areas”, the committee recommends, “that labelling should be included in the considerations of how to present information about new ethical aspects to consumers”.

At the same time, it is the view of the committee “that not all new information needs can be solved through labelling, and that new labelling initiatives cannot stand alone, but need to be supplemented with other forms of information”.

Some ethical subjects will be suited for labelling, in the view of the committee, whilst others not. The committee mentions that it will be difficult to develop an unequivocal label concerning the respect of human rights, whereas labelling with information about animal welfare is not far from existing labelling schemes.

The other types of information presentation may, in the view of the committee, for example be increased information from companies on production conditions, “for example through explicit and publicly accessible codes of conduct, audited ‘holistic’ accounts documenting the companies’ observance of human rights, including workers’ rights, lack of child labour etc.”. Furthermore, the committee points to the use of traditional information campaigns in newspapers, radio and TV. During its work it also developed the idea of creating a physical space for products with special qualities, such as produced with respect for ethical values. In concrete terms it is about consumer universes – either a chain or a shop-in-shop – where the consumers are guaranteed that all products fulfil a number of ethical requirements.

It is the view of the committee that “in some of the new areas it would be best in the short term (...) to try and develop national schemes that live up to the special demands and expectations that exist at the national level. If it proves possible, these schemes can then be developed internationally. In other areas it will undoubtedly be most suitable, also in the short term, to work towards an international solution”.

The Nordic analysis of consumers and ethics³⁵ concludes, that “time is not ripe for the introduction of a Nordic ethical labels. This is mainly due to the fact that consumers’ understanding of and commitment to goods produced in accordance with ethical principles are still too diffuse and uncertain, and that there is still no clear picture as to the scope of the label.”

The report recommends the use of alternative means to labelling in ethics. The Nordic consumers organisations should, according to the recommendations, recognize and allow for the motivation towards ethical consumption that already exists among consumers. They should in the terms of the report “fertilize the soil for the ethical

³⁴ The Danish Consumer Agency, Ministry of Business Affairs, Labelling. The report from the labelling committee, July 1999.(Danish only)

³⁵ Nordic Council of Ministers, Consumers’ sense of ethics. TemaNord 2001:583.

commitment amongst consumers, companies and the retail trade”. This may be done, for instance, through consumer information from the organisations and by including the ethical dimension in product testing. It is recommended that consumer organisations assume the role of mediators between consumers and companies in order to promote the ethical dialogue, and that consumer organisations cooperate with the retail trade e.g. through support for the marketing of existing labels. It is recommended that work be continued on a common Nordic exchange of experience from initiatives that improve the cooperation with companies about ethics, such as for example the Danish Etikbase.³⁶

The report states “that right from the start a potential label must have an international aim in order to be attractive to producers and traders, also because ethics know no borders today”.

The conclusions of the report should probably be seen in the light of the narrow definition of ethical labelling used, which limits ethical labelling to “human causes”, i.e. the maintenance of universal human rights standards, workers’ conditions, etc. The report does not therefore give organic labelling a wide berth, but simply concludes that consumers’ understanding of labelling with “human causes” is still too diffuse.

In an annex to the report, the Danish Consumers Council has expressed disagreement with the conclusions. The council finds that the recommendations in the report are more vague than warranted by its contents and far from cover the need for action that exists today. The Council says:

“The debate about the responsibility of companies and producers for working conditions, human rights and sustainable development is in full swing throughout the world. Consumers’ views are called for by interest organisations, NGOs, media and authorities. International consumers organisations are already active and calling for activities at the national level. It is therefore important that consumers’ views are represented in this debate, both in the Nordic Countries and nationally, and that we as consumer representatives have a strong influence on the definition of the criteria and demands on companies’ production conditions that are currently being developed.”

The general conclusion of the Nordic report on consumers’ demands for food labelling³⁷ is that consumers want almost complete labelling and product information about the food they buy. But more specifically the report concludes that the wish for complete labelling and information for many consumers also includes better information about ethical conditions in production. This is based on the fact that half the consumers interviewed for the survey wanted more information about these aspects. At the same time, the report points out that there is a feeling of worry that more information on foodstuffs will be more confusing than beneficial, and the results also show that 44% of consumers thought that information on ethical conditions is more misleading than helpful.

³⁶ See subsection 1.6.1

³⁷ Nordic Council of Ministers, Consumer demand for food labelling and food information. A Pan-Nordic survey of consumer behaviour and attitudes to food labelling. TemaNord 2001:501.

It does, however, warn against introducing major market strategic or food political initiatives solely on account of the consumers' "new political correctness". Expressions of sympathy for ethical values do not necessarily link up with the way the consumer will act in the concrete shopping situation. The conclusion of the report is, however, that there is every reason for the food policy to take the political consumers' attitudes and demands seriously.

The European Commission has initiated the work that the New Economics Foundation reported in the publication *Social Labels: Tools for Ethical Trade*³⁸. The purpose is to create a basis for future discussions in the EU about social labelling (=ethical labelling concerning human conditions during production and trade).

The report notes that social labelling is used or is considered a tool for a more efficient communication about ethical trade. The purpose of the labelling is that it may provide information for consumers and a motive for companies for social and environmental improvements in production and trade. It notes that social labelling, so far, has concentrated on labour standards (the conventions of the international workers organisation ILO) in global supply chains, and occasionally specific subjects such as child labour. It points out that often doubts are expressed as to the quality and effect of the social labels, about companies' will to comply with the conditions and as to how the labelling is being monitored. The report analyses numerous conditions and concludes that social labelling is one of several instruments – e.g. social auditing, company guidelines (codes of conduct) for ethical behaviour and campaigns – to produce changes in the market.

In its Green Paper³⁹ about the social responsibility of companies, the European Commission notes that consumers want information as to whether the goods are produced in a socially responsible way. The commission mentions the growing number of social labels introduced at the initiative of either producers, industrial sectors, NGOs or governments, but also stresses that initiatives are limited in scope and potential effect, one reason being that they are often limited to special niches in the retail market. Furthermore, the labels are often lacking in transparency, and there is no independent control that the label claims are correct. The Commission seems to be thinking along the lines of more debate to make social labels and ecolabels more effective. Amongst the various options to support the process it mentions the development of standards for social labelling.

In its Communication a year later⁴⁰ the Commission builds on the thinking of the Green Paper. The Communication describes the European strategy to further corporate social responsibility and a number of proposals intended to contribute to the implementation of the strategy. Among the tools that may be used to create transparency in the companies' activities in the area, the Commission mentions corporate codes of conduct, management standards, financial reporting with the triple bottom line, labelling and socially responsible investments. The Communication includes a proposal to establish a

³⁸ Simon Zadek, Sanjiv Lingayah and Maya Forstater, New Economics Foundation, *Social Labels: Tools for Ethical Trade*, Final report for the European Commission, 1998.

³⁹ Commission for the European Communities, *Green Paper - Promoting a European Framework for Corporate Social Responsibility*, Brussels 18.7.2001.

⁴⁰ Commission for the European Communities. *Communication from the Commission on Corporate Social Responsibility: Companies' Contribution to Sustainable Development*, Brussels 2.7.2002

forum on the social responsibility of companies for a number of different stakeholders at EU level. The Commission proposes that the forum shall work on guidelines for social labelling schemes that are adopted jointly and supplement the basic ILO conventions and environmental standards.

The Danish ErhvervsUdredning⁴¹ mentions social and ethical labelling of products as one of the essential methods companies can use in their practical implementation of corporate social responsibility. The paper says that “while social and ethical guidelines, accounting standards, certification and screenings may help throw light on corporate responsibility, such labelling schemes may guarantee stakeholders – primarily the consumers – control of and insight into the social and environmental effect of individual products”.

In 2002 Livsmedelsekonomiske institutet in Sweden completed an analysis to see if labelling is an effective measure from the point of view of society⁴². The analysis focuses on GMO labelling, but also contains a fundamental discussion of the purpose, advantages and disadvantages of labelling.

The analysis points out that rules on labelling may serve to inform consumers about food, allowing them a better choice, but that labelling rules may also aim to guide production or demand in a direction propitious for society, and which the market would not take without guidance. Labelling may change consumers’ behaviour and thus affect society. Labelling foodstuffs may for example contribute to better public health or a cleaner environment. It is noted, though, that to a large extent it is difficult to counteract or promote the external effects on society of consumption or production through labelling rules.

The main focus of the analysis is on the discussion of an evaluation of the use of labelling rules for society. GMO labelling is analysed to see what objectives may be achieved through labelling and what the costs are, as well as the alternatives that exist to labelling. The fundamental aim is to point out that a socio-economic analysis is an important part of the discussion of new requirements for labelling.”

Even though different reports on ethical labelling reach different conclusions, there is a general view that it is time to work on the development of ethical labelling of foodstuffs and/or other ways of informing consumers about ethical concerns.

⁴¹ National Agency for Enterprise and Housing, Ministry of Economic and Business Affairs, Ethics in business – Corporate Social Responsibility, ErhvervsUdredning 2002, Denmark (Danish only)

⁴² Livsmedelsekonomiska institutet, Labelling of genetically modified foods – a socio-economic analysis, Lund, June 2002.

1.3 Success Criteria for Ethical Labels

This section reviews the conditions that are considered essential for successful labelling, according to literature.

All experience shows that the setting up of any labelling scheme, introduction of a label⁴³ in the market and the creation and maintenance of the image of the label is a major challenge. Furthermore, no label will have any success if there is no genuine and credible message in the label. Ethical labels must thus signal and guarantee that the products are produced in processes where there is special consideration of ethical aspects that are important to consumers.

Experience of ethical labelling is limited, as yet, but it is already clear that the challenges are even greater than in more traditional labelling (e.g. about the composition and nutritional value of foodstuffs), because there is a broader and more varied range of problems.

Various analyses⁴⁴ have pointed to a number of conditions that are important for the label to have an impact and be successful:

- *The label must be relevant and credible*

The label must serve a genuine need for information among consumers. The criteria must be relevant and cover the consumers' need for information. Consumers must have confidence that the message and the information behind the label are correct.

- *The label must signal an added value compared with the ordinary products in the market*

The criteria must be set at a level well above the legislative requirements. The criteria must also be revised on an ongoing basis so that the added value of the product is maintained.

- *The label must be comprehensible to the consumer*

The criteria must be clear and communicable to consumers. There must be a clear connection between the name of the label, or the text or symbols that make up the label, and the criteria that decide the award of the label.

- *The label must be known*

The introduction of a label requires a considerable information and marketing effort to make the label known to the consumers. The marketing will require tens of

⁴³ As seen in section 1.1 "label" and "labelling" in this report means a message on products in the form of a text or in the form of a symbol, or a combination of text and symbol. (Swedish only)

⁴⁴ See The New economics Foundation, Social Labels: Tools for Ethical Trade, final report for the European Commission, 1998.

Nordic Council of Ministers, Consumers' sense of ethics, TemaNord 2001:583.

Skadegård Thorsen, Hannah Krog, Soraya Ramoul, Expert Report on the work of ForbrugerInformation on "The Red Dot", 2000.

millions of kroner in each Nordic country. The information must be kept up in order to retain the market. Only when consumers know the label and understand the message will the label be relevant to them, and the demand for the labelled products arise.

- *The compliance with the criteria must be subject to control.*

There must be a control system to ensure verification of information.

- *The labelling scheme must be transparent.*

The transparency requirement applies to the selection of criteria, the awarding of the label and control measures. The label must be backed up by other information material that is easily accessible for consumers when they want more detailed information on the scope of the label.

- *The economic consequences of the label must be acceptable.*

The economic consequences are important to consumers who often have to pay a higher price, and to companies competing in the market. It enhances the impact of the label if companies can use the label as a competition parameter.

- *The cooperation between operators is necessary.*

The willingness to cooperate of companies, sectors, and the retail trade is essential for the impact of the label, but it is also essential that there are organisations or authorities that enjoy the consumers' confidence behind the label.

The above review applies to labelling schemes, generally. More specifically for social labels (i.e. labels concerning human rights), the New Economics Foundation⁴⁵ has stressed that the labelling is more effective when linked to a strong public interest and when it is based on action in civil society. Furthermore, the social labels function best if they support organisations enjoying the confidence of the citizens, the NGOs, or other opinion makers.

Various analyses seem to indicate that ethical considerations are peripheral to the consumer's decision to purchase. Ethical considerations will probably be given a lower priority if the physical quality of the product is not acceptable. For example, consumers will not purchase organic vegetables that are limp or fish with a sustainability label if the fish tastes bad. If products that are labelled with specific information that they are produced in an ethically sound way are to penetrate the market, it is on the condition that their physical quality is at least level with the quality of other products in the market.

⁴⁵ Simon Zadek, Sanjiv Lingayah and Maya Forstater, The New Economics Foundation, Social Labels: Tools for Ethical Trade, final report for the European Commission, 1998.

1.4 Ethical Food Labels

This section reviews existing ethical labels for foodstuffs. The purpose of the labelling, the administration of the label, criteria, control measures and, where possible, its finance and scope are described in some detail in order to create a basis for a subsequent assessment of the need for further ethical labelling.

Before discussing the existing ethical labels for food, it seems reasonable to look at what types of labels exist. The systematisation used in this analysis stems from the New Economics Foundation⁴⁶. The grouping is based on who is involved in the labelling initiative.

- Companies' own declared labels (known as private labels)
- Industrial organisation labels
- Partnership labels (e.g. labels initiated in partnership between a consumer organisation and an industrial organisation)
- NGO-initiated labels (labels initiated by non government organisations)
- Public labels

Experience of ethical labels on food is limited, but there are, however, examples of labels in all the abovementioned groups in the Nordic countries.

- The ethical label that has found the broadest application and is best known by consumers is *labelling of organic food*. Organic labels are used today on vegetable and animal agricultural produce and on composite foods. Organic labelling of aquaculture fish is seen in Norway and Sweden, and Denmark will shortly decide on rules for the production of organic aquaculture fish.
- Another fairly widely used label is *the Fairtrade or Max Havelaar label* (Rättvisemärkt in Sweden, Reilu kauppa – Rejäl handel in Finland) on a number of foods from developing countries.
- *EU rules on labelling of eggs according to method of production* may be described as ethical labelling.
- Some *quality labels*⁴⁷ that are mainly based on animal welfare or environmental demands may be covered by the concept of ethical labelling. Therefore, we have included a brief mention of this type of labels, mainly private labels from companies, industrial organisations or associations.
- *The Vegan label and Dolphin Safe label* are based on attitudes to animal welfare.

⁴⁶ Simon Zadek, Sanjiv Lingayah and Maya Forstater, New Economics Foundation, Social Labels: Tools for Ethical Trade, final report for the European Commission, 1998.

⁴⁷ The project group has not assessed whether the criteria for the labels are above legislative requirements.

- A number of *claims* used by the food industry may be considered to be based on ethical, including environmental concerns.
- *Ecolabels* are not used on food today, but potentially they could be used as an ethical label also on food.
- *Labelling of fish from sustainable fisheries* focuses on sustainability in the fishing sector. The label is not as yet common in the Nordic countries.
- Finally *labelling of food consisting of or containing genetically modified organisms (GMO) or produced from GMOs* may be considered ethical labelling by some consumers.

Labels of origin, especially when used on home country products, may by some users be considered sustainable labelling, signalling that the basic requirements for labour standards, animal welfare, ecolabels protection, etc., have been complied with. On the one hand, labels of origin thus provide a positive impetus for consumers to buy foodstuffs they believe have been produced in an ethically responsible way. On the other hand, labels of origin may be used as a basis for ethics-related decisions to reject or boycott products from countries the consumers want to punish for unethical behaviour. This was the case of the consumer boycott of French wine in the 1990s, because of the French nuclear tests in Mururoa. Labels of origin cannot, however, generally be considered ethical labels and will therefore not be described in this report.

Labels based on religious convictions, e.g. labels on kosher food or halal butchers products will not be included either.

1.4.1 Organic Labelling of Vegetable or Animal Food

Foods from controlled organic farms may be labelled with the word “organic” and/or carry an organic label. Since 1991 this sector has been regulated by the EU, and the rules on organic production and sale of organic foods are set out in a number of regulations from the Council and the Commission. The rules for vegetable products⁴⁸ were adopted in 1991 and for animal products⁴⁹ in 1999. The sector is included under the EEA agreement.

The labelling of organic production methods are thus regulated publicly in the EEA. The labelling is voluntary, but if used the provisions in the regulations on production method, control and claims must be observed. The rules apply to all foods produced and marketed as organic in the EEA, and food imported from third countries must be produced in accordance with equivalent rules and under equivalent controls.

In certain areas, e.g. the breeding and slaughter of animals, it is still possible to have stricter national rules, and until the EU adopts rules on additives in animal foods national rules are allowed.

⁴⁸ Council Regulation (EEC) No. 2092/91 of 24.6.1991 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs, as amended by Commission regulation No. 436/2001 of 2.3.2001.

⁴⁹ Council Regulation (EC) No. 1804/1999 of 19.7.1999 about the introduction of provisions on animal production in regulation (EEC) No. 2092/91 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs.

The EU regulation 2092/91 specifies how organic foods may be labelled. Annex V of the regulation lists the information that may be used in different EU languages to indicate that the food is organic and subject to a control scheme. The Annex also specified the EU logo that may be used voluntarily. National and private organic labels may however still be used. In Denmark the Ø label is used, in Finland Luomu, in Norway Debio and in Sweden KRAV. In all countries biodynamic organisations also use the Demeter label and in Finland the Ladybird label of a private organic association. Imported foodstuffs that are produced in accordance with the EU organic rules or internationally recognized rules may also carry other control labels.

Foodstuffs labelled “eco”, “biodynamic” or anything else normally seen as a reference to organic production must as a minimum comply with the rules for organic food.

Codex Alimentarius also pushes this development with criteria for and labelling of organic foodstuffs. Codex guidelines⁵⁰ from 1999 are the basis for international harmonisation of production, control and trade in organic foodstuffs.

IFOAM, International Federation of Organic Agriculture Movements, a world-wide umbrella organisation for agriculture, research, educational and control organisations for organic production, is working on further developments.

Purpose:

The idea of organic production is based on respect for the basic functions of nature, and the purpose is to develop sustainable production methods that allow for environmental protection and animal welfare. The organic movement and the development of organic production principles started as a grassroots movement in the 1960s. Ecology found a response among consumers, and today the demand for organic food is strong, and the organic market continues to grow. In the Nordic survey of consumers’ demands for food labelling⁵¹ ecology is now described as “a mainstream phenomenon” whereas initially it was “an eccentricity and later an advanced trend among a minority”.

The overriding ideological objectives for an organic agricultural production are to create a sustainable production which, according to Codex Alimentarius, shall promote and enhance the health of the agro-ecosystem, including biodiversity, the biological cycles and the biological activity of the soil⁵². According to the Swedish Kontrollförening för ekologisk odling, KRAV⁵³, the rule is that “throughout the chain (production, processing, distribution, etc.) there must be care for natural processes and behaviour, and the activity should be such that:

- The long-term production capacity of the arable and other agricultural ecosystems is preserved and enhanced
- The biodiversity of our landscape is protected and developed

⁵⁰ Codex Guidelines for the Production, Processing and Marketing of Organically Produced Foods, CAC/GL 32-1999, Issued by the Secretariat of the Joint FAO/WHO Food Standards programme. FAO/WHO, Rome, 1999.

⁵¹ Nordic Council of Ministers, Consumers’ Demand for Food Labelling and Product Information. A Pan-Nordic Survey of Consumer Behaviour and Attitudes to Food Labelling. TemaNord 2001:501.

⁵² Cp. Codex Guidelines for the Production, Processing and Marketing of Organically Produced Foods, CAC/GL 32-1999.

⁵³ KRAV 2000 Rules. www.krav.se

- The consumption of fossil fuel and other non-renewable natural resources, as well as the emission of pollutants, is minimized
- The use of unnatural substances is avoided
- The health of livestock is enhanced, and they are able to enjoy a natural behaviour and a dignified life
- The farmer receives an appropriate income, a safe working environment, joy and satisfaction in his work
- Organic foodstuffs are accessible to all consumers at a reasonable price.”

Alongside the ideological objectives, the EU and Codex Alimentarius have laid down formal objectives. The purpose of the EU rules and the Codex guidelines is to guarantee consumers correct information that the food has been produced by organic production methods, and also protect the organic farmers by safeguarding the conditions for loyal competition. In order to achieve these objectives, the EU legislation and the Codex guidelines decide on production principles, control of organic production and the labelling of products.

When introducing the rules, the EU also stressed that growing consumer demand means a new market for agricultural produce. Organic production methods may, in the reform of the CAP, contribute to improved balance between supply and demand and enhance environmental protection and preservation of the landscape.

Organisation:

The EU regulations apply immediately in all EU countries. In the rest of the EEA the regulations apply only after inclusion in the EEA Agreement and after transposition to national rules.

Criteria:

The criteria for food labelling with organic production method are laid down in article 5 and annex VI of regulation 2092/91.

It is an important requirement that no fertilizer be used, but that the fertility and biological activity of the soil be maintained or increased mainly by crops of leguminous plants, etc., in accordance with a multiannual crop rotation plan and the use of animal manure from organic animal production and other organic material. In special cases micronutrients may be used. No synthetic pesticides may be used (with a few exceptions). Pests, plant diseases and weeds should be kept down by choosing appropriate species and varieties, a suitable crop rotation plan, mechanical growing methods, protection of the natural enemies of the pests and scorching weeds. Normally a conversion period of two years is foreseen (for perennial cultures at least three years), during which the field has been worked in accordance with organic principles, until the first harvest of plants and other vegetable produce may be labelled as organic.

In the animal production there are detailed requirements that the animals should be able to behave naturally. The animals must enjoy suitable room for movement and welfare by having a area that will allow them to assume natural positions and make all natural movements such as stretching and flapping their wings. The animals must have fresh air and daylight in the farm buildings, and they must have access to daily exercise. All

mammals must have access to green areas or runs. Poultry must be raised free range and not kept in cages.

The feed must be organic. In a transitional period (until 24th August 2005) it may be supplemented with conventional feed within a set limit (up to 10% p.a. for herbivores and 20% for other species) if no organic feed is obtainable. The health of the animals shall be managed by prevention, e.g. through selection of suitable species or breeding strains, the use of breeding methods suitable for the needs of each species and promotional for their resistance. There are rules about the use of veterinary drugs if an animal falls ill. The use of growth promoters and hormones is banned.

There are requirements about the origin of animals, and if they come from non-organic farms, they must be raised in accordance with organic principles during a certain period (depending on the species of animal, etc.) before the products may be sold as organic.

All agricultural ingredients in processed organic food must basically be organic. It is not yet, however, possible to obtain all agricultural ingredients in organic form in sufficient quantities (e.g. certain fruits, spices and nuts). The regulation therefore lists products that may be used in a non-organic version with up to 5% of the total volume of agricultural ingredients. Far fewer additives are allowed than in conventionally produced foods. Artificial sweeteners or aromas may not be used.

The use of genetic engineering is not considered to be in accordance with organic production principles, and therefore no GMOs may be used or/and products derived from GMOs in either organic farming or in the production of processed organic foodstuffs. Veterinary drugs are an exception. Ionising irradiation of processed organic foods or their ingredients is not allowed.

Control:

The rules on control, as laid down in articles 8 and 9 and annex III of regulation 2092/91, are essential to the EU rules. The member states must implement a control scheme managed by one or more authorized control authorities and/or approved private bodies.

Businesses that produce, prepare or import organic products have to be registered with and controlled by the competent authority or control body of the country in question. The authority/control body must prepare lists with names and addresses of the businesses included in the control scheme and make the lists available to stakeholders.

The operator in charge must prepare a complete description of the unit and/or the premises and/or the activities and establish the concrete measures that will ensure compliance with the rules on ecology. The authority/control body that has received the notification then prepares an “ecology report” with a number of concrete operational conditions that must be followed by the business operator.

The authority/control body must make a control visit at least once a year and make a complete physical check of the production or processing unit or other premises.

Ecological accounts must be kept to allow the control body to check the balance between purchase and sale of organic products. In the animal production log books must be kept to provide a complete description of the running of the herd. Details must be given as to what animals have arrived in or left the operation, information on feed and periods where animals have access to the outdoors, as well as information on the prevention of diseases and veterinary treatments.

The rules also include provisions on parallel production, on packaging, transport and storage of products with a view to ensuring that lots may be identified, and that there is no mix-up with conventional products.

In Finland and Denmark the control is handled by public authorities, whilst the responsibility for the control has been delegated to independent control bodies in Norway and Sweden; in Norway to the control organisation Debio and in Sweden to KRAV, Kontrollförening för ekologisk odling and to the biodynamic Svenska Demeterförbundet.

Distribution:

The statistics on organic production in the EU are incomplete for the time being. The Commission and Eurostat did not start a regular collection of data and preparation of statistics until 1998:

Organic farming in EU countries in 2000⁵⁴:

% of total agricultural area in country		
Austria		8
Italy		8
Finland		7
Denmark		6
Sweden		6
Great Britain		4
Germany		3
Netherlands	between	1-2
Belgium	between	1-2
Spain	between	1-2
France	between	1-2
Portugal		1
Luxembourg	less than	1
Ireland	less than	1
Greece	less than	1
EU total		3

In all of the EU 3.8 mio hectares of agricultural land was used for organic farming in 2000. Statistics do not show how many organic products are marketed in the various countries.

In some Nordic countries there is a public strategy for the development of organic farming. Pursuant to the Finnish strategy⁵⁵, the aim is a development leading to a minimum of 10% of the agricultural land being organically farmed by 2006. In Sweden the objective is that 20% of the production must be organic by 2010, and in Norway the objective is 10% by 2010. Denmark has no equivalent objectives.

At present the EU is the world's biggest organic market⁵⁶.

⁵⁴ Eurostat, Statistics in Focus, Theme 8 – 2/2003, Organic Farming in Europe

⁵⁵ Eurostat, Statistics in Focus, Theme 8 – 2/2003, Organic Farming in Europe.

⁵⁶ Association of European Consumers, AEC comments on the legislation on Organic Action Plan for Organic Food and Farming, Opinion Paper, 16.5.2002.

The value of organic retail trade in EU states at the end of the 1990s.

	Mio. US dollars
Germany	1.800 (in 1997)
Italy	750 (almost exclusively Italian production)
France	720
Great Britain	450
Netherlands	350
Denmark	300
Austria	225
Sweden	110

Market shares for a number of organic products in Denmark, Finland, Norway and Sweden in percentage of sales:

	Denmark ⁵⁷	Finland ⁵⁸	Norway ⁵⁹	Sweden ⁶⁰
Milk	21	0.8	1	8 (reduced fat milk)
Cheese	2			
Wholemeal flour	22			
Wheat flour	12			
Carrots	13-15	5.6		
Potatoes	7	5.2		
Beef	2		0.7	
Pork	1			
Eggs	14	1.0		

In Denmark 1993 was a turning point for the sale of organic food because the cooperative SuperBrugsen launched these products at a lower price level and displayed more prominently in its shops. The retail trade thus fulfilled two essential conditions for consumer demand: a reasonable price compared with conventional products and a visible and accessible supply of organic produce.

Financing:

Organic production methods are less intensive and more vulnerable to pests than conventional agricultural production, and these are some of the reasons for the more

⁵⁷ MMM 2001:10, Helsinki 2001. The Finnish Ministry of Agriculture and Forestry, memorandum from a working group concerning the development of organic food production (Finnish only).

⁵⁸ Ibid. Market shares for milk and eggs measured in August 2000, market shares for carrots and potatoes from the spring 1999 to autumn 2000.

⁵⁹ According to Statens næringsmiddeltilsyn. Market shares from the first six months of 2002.

⁶⁰ Ekologiska lantbrukarna, Growing market, updated market estimate for organic foodstuffs, June 2002.(Swedish only)

expensive production. The products are, however, sold at a higher price, making the production fundamentally profitable if the products are in reasonable demand. The organic production is, however – like the conventional agricultural production – strongly influenced by EU and national aid schemes.

The control of organic food is financed in accordance with the control system in the country in question. For example, in Denmark the control is free apart from the fact that the company must pay the price for any extraordinary control that is made when the authorities have issued orders or bans concerning the production. In Finland the companies pay a registration fee, a basic annual fee and in agricultural production also ongoing control charges. In Norway about two thirds of the control is financed by the government and a third by the producers.

Perspectives:

There is no longer any doubt that organic farming has a recognized role in agricultural production, and that organic products enjoy a growing share of the market owing to increased consumer demand. Most analyses show that consumer demand will continue to rise. It also plays an essential role that, in recent years, many retail chains have marketed organic produce in a targeted and active fashion. National support schemes also contribute to the spread of organic production methods. It is, however, a fact that in Denmark the demand has fallen off since 2000.

The criteria for organic production methods will see further development in IFOAM, Codex Alimentarius, EU and national bodies. It is often criticized that the organic scheme, unlike ecolabelling, does not cover products “from cradle to grave”. The organic label informs consumers that foodstuffs are produced by organic production methods with respect for the environment and animal welfare, but there are no criteria for assessing the amount of energy used in the production or transport. It is being discussed whether it is compatible with organic thinking that organic food is transported over long distances, or that there is a production of organic vegetables in the Nordic countries in the winter with a consequently large input of energy.

The European consumer association AEC⁶¹ pointed out, in its contribution to the European Commission action plan (Organic Action Plan for Organic Food and Farming) in May 2002, that there is a need for continued development of organic farming methods, and that there is a further need to look at the energy consumption and transport outside the agricultural sector. The Commission action plan is still under preparation.

The Swedish control body KRAV has announced that it will be working with other actors in order to produce key figures for energy consumption and transport at farming as well as company level.

⁶¹ Association of European Consumers, AEC comments on the legislation on Organic Action Plan for Organic Food and Farming, Opinion Paper, 16.5.2002

1.4.2 Organic Labelling of Fish

The EU regulation on organic production does not as yet include rules for aquaculture products, but the preparation of common rules is announced in the preamble to regulation 1804/1999.

Civil law labelling schemes for organic farming of certain fish species exists in Norway under Debio⁶² and in Sweden under the KRAV-scheme⁶³. The criteria are prepared in cooperation between the two independent control bodies. In Sweden salmon, trout, rainbow trout and char may be labelled in accordance with the rules, and in Norway it applies to trout and char, whereas salmon farming is under review. The labelling scheme was originally used in Norway for just two years in 1995-97, but has now been resumed. The rules cover requirements of environmental concerns, fish welfare (fish density in boxes and basins, handling of fish, the space for fish to swim in shoals), feed and feeding, fish health (medication and waiting periods) and slaughter.

The rules cannot be applied to the labelling of fish swimming in open seas, including wild fish.

National rules for the breeding of salmonidae and European eel (*anguilla anguilla*) are being prepared in Denmark. The rules include requirements for conversion, animal welfare (handling of fish and quality of farming water, including oxygen and nitrogen saturation), environmental conditions and details of health control visits, vaccination and the use of drugs, rules for ancillary materials, feed and slaughter as well as transport to slaughter.

1.4.3 Fairtrade and Max Havelaar Label, Reilu kaupa – Rejäl handle and Rättvisemärkt

The Max Havelaar labelling initiative started in 1986 as a new innovative model. There was a basis of experience to build on from Alternative Trading Organisations (ATO) which, for 40 years, had been responsible for narrow trading channels for the sale of agricultural products from small producers in the developing countries direct to consumers.

The Netherlands was the first country to introduce the Max Havelaar label in 1988, and the initiators were a small development organisation (Solidaridad), representatives from consumer organisations and existing organisations for alternative trade⁶⁴. Today there are Fairtrade/Max Havelaar labelling initiatives in 17 countries, mainly in Europe but also in North America and Japan⁶⁵. In Denmark and Norway there is the label with an elephant logo under the name of Max Havelaar, in Finland also with an elephant logo, but with the name of Reilu kauppa – Rejäl handle, and in Sweden with its own logo and the name of Rättvisemärkt.

In 2002 the Fairtrade Labelling Organizations International introduced a new common logo, which is likely to replace national labels in most participating countries. The

⁶² www.debio.no

⁶³ KRAV 2000 rules www.krav.se

⁶⁴ Simon Zadek, Sanjiv Lingayah and Maya Forstater, New Economics Foundation, Social Labels: Tools for Ethical Trade, final report for the European Commission, 1998.

⁶⁵ Fairtrade Labelling Organizations International. www.fairtrade.net

purpose of the common logo is to make the label clearer to consumers and to ease trade across the borders. The international logo carries the word FAIRTRADE and a supplementary text, in the English version “Guarantees a better deal for Third World Producers”.

The Fairtrade label and equivalent labels under other national names are based on NGO initiatives.

Purpose:

The fairtrade labels serves to communicate to consumers that the products have been produced in reasonable conditions for the producer. The original concept was to help the small, marginalized farmers from the developing countries, whose production costs were often higher than the income from the crops because of the low raw material prices in the world market. Today the Fairtrade organisations include both small family holdings and workers on large farms in the developing countries. The Fairtrade organisation builds on the idea that producers are guaranteed a minimum price and the possibility of advance payment from buyers to prevent small producers from running into debt, as well as market access without superfluous middlemen. The aim is long-term contracts that allow farmers to plan and manage their production and life.

According to the New Economics Foundation, the Fairtrade organisation has not always fulfilled all objectives. It has been possible to keep minimum prices, but not always to guarantee advance payment or the farmers ability to maintain their interests and avoid middlemen.

Organisation:

The Fairtrade Labelling Organizations International (FLO)⁶⁶ is an umbrella organisation for all national Fairtrade initiatives. The FLO was established in 1997 to coordinate the cooperation between national initiatives, to develop uniform criteria and to develop the monitoring system.

In the individual countries there is a national organisation (usually an association) that issues licenses to importers and ensures that the labelled products comply with the requirements. The organisations market and promote the label, provide information about the label and support the social and democratic development in developing countries. The members of the national organisations represent various organisations such as workers’ organisations, nature conservancy associations, women’s and consumer organisations, the church, etc. The member organisations sponsor the activities.

Criteria:

Both the small family holdings and large farms and importers are obliged to fulfil internationally fixed Fairtrade criteria. The criteria are different for the two producer groups, because the conditions for the small and large holdings differ. The criteria are laid down by the umbrella organisation Fairtrade Labelling Organizations International after consultation with the producers. The criteria are based on the convention for the international labour organisation ILO about labour rights, the UN Convention on

⁶⁶ www.fairtrade.net

Human Rights, the UN Children's Convention and the legislation of the country in question.

For the small family holdings there are, for example, requirements that the products must be of good quality, and that the producers observe existing environmental rules. The producers must work within a structure allowing for control. Therefore it is a requirement that the producers form democratic cooperatives, or other equivalent associations, before they can join the labelling scheme. There is a requirement that the labour used by the family holdings, often as seasonal workers during the harvest, must be treated well.

The large farms are required to treat their workers well. Some of the income from the products must be spent on initiatives to improve workers' conditions, such as housing and health. The workers must receive a fair wage for their work, and they shall be entitled to join a trade union. Conventions from the international labour organisation ILO on workers rights must be observed, so that working hours and conditions must be reasonable, and the use of forced labour and child labour is banned. Discrimination on the grounds of gender, race or religion is banned. The workers may participate in decisions on working conditions.

In order to obtain a licence and thus the right to use the label, the importer must buy the goods direct from the producer who is approved and registered in the product registers of the Fairtrade Labelling Organization. They have to commit themselves to pay a minimum price fixed by the UN, and prepay/prefinance up to 60%. The importers must accept to promote long-term trade relations and accept controls. The importers pay a licence fee to the national Max Havelaar/Fairtrade organisation.

Control:

Fairtrade Labelling Organizations International is responsible for the registration and monitoring of producers. The FLO control programme shall ensure that all partners comply with the Fairtrade criteria, and that individual producers in fact achieve advantages. A control visit is paid to producers at least once a year.

The national organisations check licensees four times a year.

Scope:

As mentioned, the label is used in 17 countries. The range of products includes coffee, cocoa, tea, chocolate, honey, sugar, orange juice and bananas. Not all products are available on the market in all countries. In Sweden, for example, the national organisation has entered into a total of 27 licensing agreements.

Coffee comes from about 250 cooperative farms in 17 different countries, cocoa from Ghana, Sierra Leone, Cameroon, Bolivia, Ecuador and Costa Rica, honey from Mexico, Guatemala, Nicaragua, Chile, Uruguay, Tanzania and Vietnam. Information brochures show that Fairtrade includes trade with 800 000 farmers or farm workers in the developing countries, and about 5 million people have their main outcome from the production, when the farmers and farm labourers' families are included.

The information on market shares is limited. According to the New Economics Foundation, the Max Havelaar label coffee has got a foothold in the retail trade in the Netherlands and is on the shelves of about 90% of supermarkets. The coffee is also

widely used in the catering trade. The market share is limited, however: about 2.6% of total coffee consumption.

Market share in percent for Fairtrade label products in Denmark, Finland, Norway, Sweden and Switzerland in 2001:

	Denmark ⁶⁷	Finland ⁶⁸	Norway ⁶⁹	Sweden ⁷⁰	Switzerland ⁷¹
Coffee	2.5	0.3	0.45	1	5
Bananas	2	4	-	0.5	20
Tea	2	0.4	-	0.8	5
Sugar	>1	-	-	-	2
Cocoa/ Chocolate	>1	-	-	3	1-3
Orange juice	-	-	-	-	7

(A dash indicates that the market share is even more insignificant, or that the product is not introduced in the market.)

Unlike the organic foods, the retail trade does not appear to have taken special initiatives to promote the sale of Fairtrade label products.

There may be many reasons for that, we would just mention that retail chains have their own coffee labels, and coffee is often used as a special offer to attract customers into the shop.

Financing:

The objective of national organisations is to be self-financing through licensing fees that importers pay for the rights to use the label. According to the Danish Consumer Council magazine Tænk og Test, the objective has been achieved in the Netherlands and Switzerland. In the Danish Max Havelaar Fund the degree of self-financing is 40%. In the start-up stage large subsidies from public sources and sponsors are necessary to engender demand and to ensure availability of the labelled products so as to ensure sufficient market shares. In Sweden 20 million SEK has been invested so far in Rättvisemärkt by way of public and sponsor subsidies. In Switzerland, Max Havelaar has received public subsidies in the amount of 14 million DKK whereas, after five and half years in the market, the Max Havelaar Fund in Denmark has received a total of 6.5 million DKK in public subsidies.

⁶⁷ Forbrugerrådet, Tænk og Test Forbrugerbladet, No.15/June 2001. Danish Consumer Council Magazine (Danish only)

⁶⁸ Föreningen för främjandet av rättvis handel, Finland.

⁶⁹ Max Havelaar, Norway.

⁷⁰ Föreningen för Rättvisemärkt, Sweden.

⁷¹ Forbrugerrådet, Tænk og Test Forbrugerbladet, No.15/June 2001. Danish Consumer Council Magazine (Danish only)

Perspectives:

It has been a major effort to make the Fairtrade or Max Havelaar label known to consumers. National organisations have used many channels through public media, the grapevine, the setting up of support groups, adverts in newspapers, magazines, TV and radio. The promotions seem to have had an effect. According to the New Economics Foundation, 89% of consumers in the Netherlands had heard of the label. In Finland the label is known by 51%⁷² and in Denmark 38%⁷³ of consumers.

The market shares continue to be small and some national organisations have serious economic difficulties. Thus the Danish Max Havelaar Fund announced in 2001 that they may not be able to continue the work.

Ongoing investments are necessary to retain the market, and it is necessary to have a certain market share to keep the system running. The future of the label is dependent on consumers' knowledge of the label and that this knowledge leads to concrete purchasing decisions.

The national organisations work to include new product groups. In Sweden, for example, they are working to market more fruit and rice under Rättvisemärkt.

⁷² Kari Ruotanen, Marketing Radar. Survey about Attitudes to Ethical Trade and Business in Finland. Summary of results, 2001. (Swedish/Finnish only)

⁷³ Forbrugerrådet, Tænk og Test Forbrugerbladet, No. 15/June 2001, Denmark. Consumer Council Magazine (Danish only)

1.4.4 Labelling of Eggs according to Production Method

The EU rules on labelling eggs with information about the method of production stem from the Council Regulation on marketing standards for eggs⁷⁴ and the Commission Regulation on the implementation thereof⁷⁵. Marketing standards concern both quality, weight, packaging, storage and labelling of eggs. The standards are specified to ensure that the market works satisfactorily from the point of view of producers, traders and consumers. The marketing standards were originally implemented in 1975. In the last 10-12 years, when reviewing the standards, the Council has stressed the need for better guarantees and precise information for the final consumer of eggs. The Council points out that the need for better consumer information must be seen mainly in the light of changing trade practice. In Regulation 5/2001 the Council emphasizes that the method of chicken breeding has become one of the decisive factors for consumers when they buy eggs. In other words, many consumers demand eggs that are not battery eggs.

The labelling of eggs according to production method is thus regulated publicly. The labelling of egg packaging and eggs is voluntary, so far, but if provided the information must be given according to the descriptions specified in the EU marketing standards, and the marketing standards must be complied with. As of January 2004 the labelling of egg packaging will be obligatory in EU member states.

The labelling of eggs according to method of production may be considered ethical labelling because consumers may use it to choose eggs with animal welfare considerations in mind. The choice implies that the levels of animal welfare differ with different production methods.

Purpose:

Development has shown that consumers are more and more keen to ask for eggs that are produced by other production methods than battery. The labelling of eggs according to production method is there to ensure that consumers are able to choose between different eggs, in full knowledge of the production system. The rules shall also guarantee producers and traders reasonable terms of competition. In regulation 1651/2001, the Commission adapted the labelling rules to the directive on minimum requirements to protect laying hens⁷⁶, and the number of the production methods that may appear in labels is reduced to three. The designations in all EU languages are specified in the regulation for egg packaging and eggs respectively.

⁷⁴ Council Regulation (EEC) No. 1907/90 of 26.6.1990 on Marketing Standards for Eggs and Council Regulation (EC) No.5/2001 of 19.12.2000 amending Regulation (EEC) No. 1907/90 on Marketing Standards for Eggs, Council Regulation (EC) 818/96 of 29.4.1996 amending Regulation (EEC) No. 1907/90 on Marketing Standards for Eggs.

⁷⁵ Commission Regulation (EEC) No. 1274/91 of 15.5.1991 on implementation provisions for Regulation (EEC) No. 1907/90 on Marketing Standards for Eggs, Commission Regulation (EC) No. 1651/2001 of 14.8.2001 amending Regulation (EEC) No. 1274/91 on implementation provisions for Council Regulation (EEC) No. 1907/90 on Marketing Standards for Eggs, Commission Regulation (EC) No. 1511/96 of 29.7.1996 amending Regulation (EEC) No. 1274/91 on implementation provisions for Council Regulation (EEC) No. 1907/90 on Marketing Standards for Eggs, Commission Regulation (EC) No. 505/98 amending regulation (EC) No. 1274/91 on implementation provisions for Council Regulation (EEC) No. 1907/90 on Marketing Standards for Eggs.

⁷⁶ Council Directive 1999/74/EC of 19.7.1999 on Minimum Standards for the Protection of Laying Hens.

Designations for egg production types on packaging:

Finland	Ulkokanojen munia	Lattiakanojen munia	Häkkikanojen munia
Denmark	Frilandsæg	Skrabeæg	Buræg
Sweden	Ägg från utehöns	Ägg från frigående höns inomhus	Ägg från burhöns

Designations for egg production types on eggs:

Finland	Ulkokanan	Lattiakanan	Häkkikanan
Denmark	Frilandsæg	Skrabeæg	Buræg
Sweden	Frigående ute	Frigående inne	Burägg

The rules apply to all eggs marketed in the Community regardless of whether the eggs are produced in the Community or whether they come from third countries. They may, however, be replaced by the term “production method unknown”, when there is no certainty that the producer in third countries comply with the Community standards.

Organisation:

The regulation applies directly to all EU member states and is administered by the responsible authority from each country.

Criteria:

The conditions for labelling eggs according to production method are specified in annex III in Commission regulation 1651/2001. The requirements are minimum standards for holdings with laying hens. There are requirements that a “free range egg” is produced by hens that have access to an outdoor area in the daytime, and that the outdoor areas are covered in vegetation. There are provisions about the number of chickens per hectare and how many shelters and drinking troughs there must be for chickens. The provisions of directive 1999/74/EC are minimum standards for the protection of laying hens and must be complied with for hens producing “free range eggs” “deep litter eggs” and “battery eggs”.

Control:

The regulations⁷⁷ lay down a number of specifications on registration and control of egg packing stations and egg producers. The egg packing stations must be authorised by the responsible authority of the member state in question. The egg producers must be registered after a control visit by the authority of the member state.

The member states are obliged to send the Commission and the other member states a list of the authorized egg packing stations and the registered producers. Changes in the list of egg packing stations must be forwarded to the Commission and the other member states at the beginning of each quarter. Changes in the list of egg producers must be forwarded at the beginning of each calendar year.

⁷⁷ See Commission Regulation No. 1274/91, in particular.

Egg packing stations with permission to label with information about the production system must keep a separate list of names and addresses of egg producers for each production system, and produce weekly inventory lists. The lists shall contain the names and addresses of producers, egg type, number of eggs and their weight and the despatch and delivery dates. Eggs labelled with the production system may only be sorted and packed on dates of which the responsible authority has been informed at least one working day in advance.

The producers must be controlled regularly. For each type of production they must register the day of entry, age at entry and the number of laying hens, the number of eggs produced and despatched per day, the day of despatch and the buyers' names.

The controls are by random sample in all sales links and during transport. Each member state informs the other member states and the Commission about the methods of control used, and the control in member states is regularly discussed in the management committee for eggs and poultry.

Pursuant to Commission regulation 1274/91, the control provisions have been introduced to protect consumers against misleading information that might otherwise be given with fraudulent intent to achieve higher prices than the price set for eggs from battery hens.

Scope:

On the basis of a voluntary agreement from the middle of the 1990s between the Consumer Council and the Fjerkræbranchens Fællesraad (Joint Council for the Poultry Sector) practically all eggs in the Danish market are labelled, apart from eggs sold at the farm door.

Financing:

Producers and egg packing stations carry the costs of the labelling as such. The controls are financed in accordance with the relevant member state's control system.

Perspectives:

As mentioned, labelling of eggs according to method of production will be obligatory from 1st January 2004. Then consumers in all EU countries will be able to choose eggs on the basis of easily accessible information on production method.

The Regulation does, however, include a clause specifying that the Commission may suspend the labelling standards if the indication of the production system turns out to be harmful to the functioning of the common market, or if there are serious difficulties with controls.

In Norway the government has proposed that a labelling scheme concerning animal welfare be prepared for non-industrial eggs.

1.4.5 Quality Labels

There are a number of private quality labels and quality labels from industrial organisations or various associations intended to signal quality, and also in many cases based on environmental or animal ethical criteria. This is ethics-related labelling, and the initiatives come from companies or industrial organisations or associations. Such initiatives may signal that labelling on ethical aspects is becoming an element in labelling trends.

Some of these labels are associated with national origin. This applies to Svenskt Sigill, Godt Norsk, Gott från Finland, Dansk IP, Svenskodlat and the Danish veal label Dansk Kalv.

Svenskt Sigill⁷⁸ is a concept for environmental and quality guarantees that covers cereal production at the moment. The label has existed since 1995 and has been organised by Svenska Lantmännen (Swedish Farmers). The label is seen on rolled oats, flour and bread. In the autumn of 2001 the LRF (Lantmännens Riksförbund – National Farmers Union) took over the label with a view to extending the scheme to cover other important product groups such as milk, meat, chickens, eggs and honey. The scheme consists of production criteria and independent controls. The scheme is now being administered by Sigill Kvalitetssystem AB, who manage the development of criteria and the marketing of the label. The promises the label signals to consumers include environmental concern, food safety, care of animals and that the product is of Swedish origin.

Godt Norsk⁷⁹ is a labelling scheme built on a demand for foods of Norwegian origin, a demand for a reliable quality control system and corporate management and standards for primary production, the processing and products. The scheme assumes that participating companies are in constant development. The companies must have their own objectives with respect to consumer, ethics and environmental awareness. Each product must be approved in accordance with the relevant standards. At the moment there are 700 approved products. The scheme has been set up by a number of nationwide organisations for the food industry, agriculture, trade, employers, women, COOP and the Ministry of Agriculture.

Gott från Finland⁸⁰ is a labelling scheme mainly based on the condition that the food is produced in Finland, and that at least 75% of the raw materials are of Finnish origin. Meat, fish, milk and egg products must be Finnish. The scheme has, since its initiation, been extended with quality standards, and the requirement that companies have a quality control system. Prior to marketing, each product must be notified to Finfood – Finlands Matinformation, which is the association managing the scheme.

Dansk IP⁸¹ stands for Danish Integrated Production and is used for Danish vegetables and fruit. The objective of the producers is to reduce the use of pesticides and rely on other methods to combat pests. The rules are prepared by Dansk Erhvervsgartnerforening (Danish Market Gardeners Association).

⁷⁸ www.lantmannen.se

⁷⁹ www.matmerk.no

⁸⁰ www.finfood.fi

⁸¹ www.dansk-ip.dk

Svenskodlat⁸² is a label for Swedish market garden produce and potatoes grown in accordance with the principles for Integrated Production (IP). They use a needs-based production strategy trying to minimize the effect on the environment and natural ecosystems.

Dansk Kalv⁸³ is a labelling scheme focusing on meat quality, and therefore has criteria for meat sorting in slaughterhouses. But some animal welfare criteria also apply. The scheme has been set up by Kødbbranchens Fællesråd (Joint Council for the Meat Sector) and is currently used by the meat company Danish Crown.

A number of quality labels or brand labels on meat are marketed with claims of special consideration for animal welfare during production, but without any requirement of national origin. In Denmark for example there are 7-8 special labels on pork (e.g. Antonius, Frilandsgris and Porker mesterkvalitet)⁸⁴. The labels are not launched as ethical labels, but rather as quality labels. But the respect for animal welfare is vaunted strongly in the marketing.

The pork labels are mainly self-declared corporate labels, Frilandsgrisen can however be considered a partnership label as the rules for production have been developed in corporation between Forening til dyrenes beskyttelse (The Animal Welfare Association) and Friland A/S.

In 1998 the Ministry of Food in Denmark introduced a quality label (Kvalitet med omtanke – Quality with Care)⁸⁵ for pork and veal. This was a public label open to all Danish and foreign producers on a voluntary basis. The label was, however, stopped in 2002. The main reason for the closure was the fact that the label was not in demand among consumers, and not used by producers and the retail trade.

Other countries also have quality agreements and labels for meat production to control the supply and information chain from the farmer to the slaughterhouse and on to the retail trade and consumers. Quality agreements define the standards for animal meat and fat percentages and slaughter weight, and it is thus possible to influence these qualities through terms of agreement and pricing. The agreements allow for documentation of facts about animal conditions, feed and medication. Consumer interest in animal welfare contribute to the development of quality agreements.

Purpose:

The purpose of private labels for companies and industrial organisations is to differentiate the market and allow producers the opportunity of selling specialised products at a higher price than in the standard market, and give the consumer a possibility to choose special quality at a higher price. Behind these wishes from producer and consumer there is presumably an attitude to animal and/or environment-friendly production and consumption.

⁸² www.svenskodlat.se/Svenskodlat4/Handlare4/HIP4/IP

⁸³ www.lr.dk/projektafdeling/informationsserier/beskrivelser/kvalitetskontroller

⁸⁴ Danske Slagterier, oversigt over specialgrise. (Danish Slaughterhouses, survey of specialised pigmeat) (Danish only)

⁸⁵ The Ministry of Agriculture and Fisheries, Veterinary Directorate, Concept of a Voluntary Quality Labelling Scheme, June 1996. (Danish only)

The objective of the public Danish quality label was to enhance product quality. Another objective was to harmonise and possibly simplify “the label jungle”. It was possible for producers to use the public quality label alongside their private label, providing that the criteria for the public label were complied with.

When a label is associated with a requirement of national origin, it is also intended to promote domestic food production and consumption, and to give consumers a choice based on their attitude to the food production in their home country. Many surveys show that consumers feel confident that domestic foodstuffs are clean and wholesome, and that the environment, animal welfare and labour standards have been respected during the production.

Criteria:

For Svenskt Sigill the criteria include certain key indicators to measure trends and progress in cereal production. E.g. the number of kilos of nitrogen and the kWh used to produce one kilo of grain. Each field/consignment of cereal is analysed for cadmium. There is an annual environmental inspection on the farm, and all drying and storage facilities are inspected. GMO strains are not permitted. Criteria for the new product groups are under preparation.

In the Godt Norsk scheme the requirements to corporate quality control are essential. There are also standards for primary production, such as for animal welfare, bans or limits for the use of chemical pesticides, and a ban against the use of GMO fodder. Foodstuffs must be produced in Norway and the raw material must be Norwegian (with a few exceptions for raw materials not produced industrially in Norway), and there are special requirements for the individual products.

The primary claim in the label Gott från Finland is that products are of Finnish origin.

For Danish IP there are rules on the use of pesticides, fertilizing, watering, etc.

For Svenskodlat needs-based production strategies are required. Furthermore, under the IP-system farmers must first receive basic training and afterwards an annual refresher. Research and consultancy contribute to enhancing farmers’ know-how.

The animal welfare criteria under Dansk Kalv mean that the animals are untethered and have straw-covered floors for the first 4½ months.

For the special private quality labels for pork, the animal welfare criteria concern piggery conditions, such as area, fixed floor/partial ban on slats, litter, access to open air (for some pork labels), rules on tooth clipping, tail docking, castration and weaning of piglets, fodder requirements and standards for the use of drugs, transports and the slaughtering process. The quality criteria are rules on race and cooling and maturing of meat after slaughtering. There is also a discussion whether animal-friendly conditions during breeding, transport to the slaughterhouse and slaughter improve meat quality.

Control:

Control of Svenskt Sigil is partially based on self control. One third of the farms are also controlled by Svenska Lantmännens auditors, and about 7% of the farms by an independent control company, SEMKO-DEKRA Certification AB.

Gott från Finland is controlled by regular audits of the associated companies and by random sampling.

Dansk IP is controlled by Plantedirektoratet (Plant Directorate) under the Ministry for Food, Agriculture and Fisheries.

Svenskodlat is controlled through an independent control programme on the basis of farmers' production logs, which document the production process.

Dansk Kalv is controlled by Landbrugets Rådgivningscenter (Agricultural Advisory Centre), Project Department. The control is based on a contract between the farmer and Danish Crown. A number of requirements are associated with the controls, including a self-control programme that must be complied with. Included are an initial control as well as an annual one. The Project Department is approved for product certification by Dansk Akkreditering (DANAK).

In the meat sector, it is the companies themselves that conduct controls, to ensure that primary producers, slaughterhouses and retailers comply with the criteria. The public control system supervises the self-control. Producers of Frilandsgrisen are controlled by Foreningen til dyrenes beskyttelse (Danish Society for the Protection of Animals). The public quality label was controlled by the public control system, both at the level of primary producers, slaughterhouses and retailers, and a special control corps had been set up to control primary producers.

Scope:

It has not been possible to find information of market shares for products labelled with Svenkt Sigill, Godt Norsk, Gott från Finland, Dansk IP, Svenskodlat and Dansk kalv.

Specially labelled meat is sold in Denmark by all major supermarket chains and most grocers, and many chains have their own label sold only in the shops belonging to the chain.

Finance:

Private labels are financed by the companies.

The development of the public quality label in Denmark and a large share of the marketing of the label were financed by the government. Farmers and companies under the scheme paid a joining fee and an annual control fee. It was the intention that the quality label should be self-financing in the long term.

Perspectives:

The demand for branded goods is a modern trend in a wealthy consumer society, and this trend will probably continue, also in the food sector, for special qualities of different products and for specially labelled meat.

The retail trade seems to be bent on offering specially labelled products with marketing claims of good quality and environment-friendly and animal-friendly production. Experience from the public Danish quality label for meat seems to indicate, however, that chains mainly stick to their own labels rather than using public labels, which are also seen on competing products.

The farmers' organisations and slaughterhouses in Denmark have found it difficult to support labelling with respect for animal welfare because it carries the risk that consumers will ask questions about animal welfare in traditional agriculture.

1.4.6 The Vegan Label

The Vegan label informs consumers that foods are produced without animal ingredients and without the use of animals in the production and development process. The label is mainly meant for vegans who do not wish to eat animal food for ethical reasons. Other consumer groups such as vegetarians or persons with allergy or intolerance to certain animal ingredients may also use the label to select food.

Purpose:

The label is intended to allow consumers to choose “Animal Free” foodstuffs in the market.

Organisation:

The label is administered by The Vegan Society.

Criteria:

To the extent it is possible, Vegan products must be produced without animals/animal products being included in the production process. The use of animal testing is not permitted in the development and production of foods or, as far as practically possible, food ingredients. The criteria include a list of ingredients, including additives, that are not permitted in Vegan products.

The Vegan Society policy on GMOs means that the genes of animals and animal substances are not accepted in the production of genetically modified organisms. The Vegan products may contain GMOs when this criterion has been complied with, but the products must be clearly labelled that GMOs have been used.

Finance:

The label is financed through licensing fees. Companies producing foods complying with the criteria and The Vegan Society’s GMO-policy may join the labelling scheme.

1.4.7 The Dolphin Safe Label

The Dolphin Safe label is used in the USA at the demand of the environmental organisations, and after a widespread consumer boycott of tuna caught by methods with dolphins as bycatch. In 1990 Congress adopted a legal provision to reduce the bycatch of dolphins when tuna fishing so that tuna must be labelled “Dolphin Safe” when sold in the American market. The label is common on tins of tuna in Sweden, too.

Purpose:

The label informs consumers that the tuna has been caught with methods that safeguard dolphin stock.

Organisation:

Behind the “Dolphin Safe” label there is an American legal requirement to reduce the bycatch of dolphin in tuna fishing.

The Earth Island Institute which is an American environmental think tank has developed a label of its own “Flipper Seal Approval” and a monitoring programme. The

producers pay to use the label and are also obliged to sponsor preservation programmes and educational material.

The Earth Island Institute has also introduced a “Turtle Safe” label on the same principles for shrimp labelling.

1.4.8 Claims

Companies use ethical claims in labelling and marketing to emphasize ethical aspects of their production methods. By claims we intend the companies’ own claims that have not been verified by an impartial third party. It is not yet common in the Nordic countries to use ethical claims on compliance with human rights, but claims about respect for animal welfare and the environment are often used. Especially the use of environmental claims became common in the 1980s because consumers had begun to show interest in the way goods and services affect the environment.

Companies may legally use claims that are correct and do not mislead the consumer. It is the responsibility of the companies that the claims live up to these requirements. One of the weaknesses in the use of claims is control, which in principle is carried out by the authorities, but in practice may be difficult to carry out consistently in the case of marketing initiatives from companies and with the limited resources available to the authorities. There do not appear to be any surveys of how consumers view or use ethical claims in their choice of products, but companies obviously find a market for products with claims.

After a mushrooming of claims 20 years ago, both industrial organisations and authorities took initiatives to regulate the area in order to prevent incorrect and misleading claims. The International Chamber of Trade thus adopted a “Code for Advertising relating to the Environment” specifying the rules that industry had accepted to follow when using the environmental aspect in marketing. The Danish consumer ombudsmand issued a guideline⁸⁶ in 1993 about environmental marketing. An international standard, ISO 14021 specifies conditions for the use of environmental claims in advertising and marketing.

The EC directive on misleading advertising⁸⁷ from 1984 laid down common rules on misleading advertising.

The European Commission has published a consultation document⁸⁸ about possible initiatives to regulate green claims. The purpose will mainly be to prevent misleading claims that disturb the functioning of the market and the effect of the EU ecolabel. Secondly, a credible use of claims will increase consumers’ possibility of choosing green products on an informed basis and thus promote sustainable consumption. The consultation document suggests greater regulation within the framework of the directive on misleading advertising, and possibly the use of standards (that lay

⁸⁶ The Danish Consumer Agency: The Consumer Ombudsman’s Guide on Environmental Advertising, April 1993. (Danish only)

⁸⁷ Council Directive 84/450/EEC of 10.9.1984 concerning Misleading Advertising.

⁸⁸ The European Commission, Consumer Affairs, Outline of a possible Community approach in the area of Green Claims – consultation document (undated).

down criteria for environmental claims) and the preparation of guidelines to assess green claims. The Commission attaches importance to efficient and systematic controls managed in cooperation between authorities, consumer organisations and companies.

1.4.9 Labelling of Genetically Modified Organisms

The labelling of foodstuffs with information that they consist of either (live) genetically modified organisms (GMOs) or are made from GMOs does not come under the definition of ethical labelling as used in this report, i.e. that ethical values have been respected during production (see section 1.1). The labelling will, however, by some consumers be used as a basis for an ethical choice. Many consumers wish to reject genetic technology as a production method for foods. A number of surveys have been done to find the background to consumer opposition to the use of genetic technology in food production. They show, for example, that consumers see genetically modified foods as unnatural, and that they are worried about the health and environmental consequences⁸⁹. A number of consumers reject genetic technology in food production for clear ethical reasons, because they believe that the method violates the integrity of nature.

The rules on labelling for GMO foods are contained in a number of EU regulations⁹⁰. The labelling is obligatory and consists of an informative text specified in the regulations.

Purpose:

The need for labelling GMO foods has been a controversial question since the Commission of the European Communities just over 10 years ago tabled the first proposal for regulating the area. The starting point was that there was no reason to label foods which did not differ from traditional products. But against the backdrop of the strong scepticism among European consumers and their actual rejection of GMO foods, it is generally accepted in the EU today that consumers should be informed if foodstuffs are produced with genetically modified raw materials. According to the Commission⁹¹, consumer accept of and confidence in the use of genetic technology in food production may only be achieved through labelling that provides consumers with a genuine choice.

The Commission stresses that the purpose of the labelling is not to inform consumers about the safety and wholesomeness of the foodstuffs as the products have been through a health risk evaluation before approval and marketing, and an environmental risk assessment has also been made. The labelling only serves to inform the consumer of the

⁸⁹ Nordic Council of Ministers, Genetic Engineering in Food Production, Consumer influence and consumer policy in a Nordic context. TemaNord 2002:574.

⁹⁰ European Parliament and Council Regulation (EC) No. 258/97 of 27.1.1997 concerning novel foods and novel food ingredients. Council Regulation (EC) No.1139/98 of 26.5.1998 concerning obligatory indication of information other than that prescribed in Directive 79/112/EEC on the labelling of certain foods produced from genetically modified organisms. Commission Regulation (EC) No.49/2000 of 10.1.2000 amending Council Regulation (EC) No.1139/98 (see above). Commission Regulation (EC) No. 50/2000 on the labelling of foodstuffs and food ingredients containing additives and flavourings that have been genetically modified or have been produced from genetically modified organisms.

⁹¹ David Byrne, European Commissioner for Health and Consumer Protection, Speech/01/378 to the European Parliament, Brussels, 11 September 2001.

use of genetic technology in food production and provide the option of choosing or rejecting genetically modified foodstuffs.

Organisation:

The EU regulations apply directly in all EU countries. In the rest of the EEA area the regulations will apply if incorporated into the EEA Agreement and after implementation in the national legislation.

Criteria:

The way the EU legislation is formulated at the moment, the consumers' choice to select or reject GMO foods is not complete. According to existing EU rules food must be labelled if it consists of or contains GMOs. When foodstuffs have been produced from GMOs, they must be labelled if they contain protein or DNA from the genetic modification. Thus under existing rules no labelling is required when foodstuffs do not contain genetically modified material even though it is produced from genetically modified raw materials. Furthermore, there is a limit value for unintended presence of genetically modified material in foodstuffs. If the unintended content does not exceed 1% of each individual ingredient or of the foodstuff, the food does not have to be labelled.

The Norwegian labelling requirements comprise foodstuffs produced from genetically modified raw materials even though no DNA or protein from the genetic modification can be found.

Genetically modified foods must also be labelled if the foodstuff may give rise to ethical or religious concerns. This may for example be the case if animal genes have been used to modify plants. In such cases, the labelling must indicate the presence of this new material that gives rise to ethical concerns.

In July 2001, the Commission put forward a proposal⁹² to change the labelling rules, amongst other things. According to the proposal, foodstuffs containing or consisting of genetically modified organisms or produced from and containing ingredients produced from a genetically modified organisms must be labelled. The Commission proposal about labelling applies to products covered by approval requirements within the EU legislation. Labelling requirements do not apply to products from animals that have been fed genetically modified feed or treated with genetically modified medicine.

There has been a discussion as to whether products (e.g. meat, milk, eggs) from animals who have eaten genetically modified feed should be labelled. By means of such labelling consumers would be able to express, through their choices, whether they find genetically modified crops desirable. Today consumers may reject genetic technology in food production solely by choosing organic foodstuffs.

BEUC – the European umbrella organisation for consumer organisations in the EU – has expressed satisfaction at the Commission proposal for improved labelling rules (without labelling of products from animals that have been fed GMO feed)⁹³. That is

⁹² Proposal for European Parliament and Council Regulation on genetically modified foodstuffs and feed COM/2001/0425 final.

⁹³ Nordic Council of Ministers, Genetic engineering in food production. Consumer influence and consumer policy in a Nordic context. TemaNord 2002:574

also the case of TACD – Transatlantic Consumer Dialogue, which is a joint consumer political forum between the EU and the USA.

Control:

Existing EU rules do not contain specific rules on the control of genetically modified foodstuffs.

In July 2001 the Commission advanced a proposal⁹⁴ for traceability of genetically modified foodstuffs intended to ensure that products may be traced back through all links of the production and distribution chain. The responsibility for traceability is placed on producer and trade. The proposal contains a provision in general terms about member states' obligations to ensure inspection and control to guarantee the compliance with the rules. Before the rules come into force the Commission must, pursuant to the proposal, prepare technical guidelines for sampling and testing.

Scope:

Foods produced from a certain type of genetically modified maize or soy are approved for marketing in the EU. These products are not, so far, permitted in Norway. There are, however, practically no products in the market in the Nordic countries labelled with information that they are produced from GMOs. Food producers and the retail trade have chosen not to market the products because of sceptical consumer attitudes to genetically modified foodstuffs.

Finance:

The costs of any labelling is carried by the producers and the retail trade. The control of genetically modified foods is financed in accordance with national control systems.

Perspectives:

The Commission proposal for wide labelling requirements can be expected to come into force in the EU in the course of 2003. The regulation is due to come into force six months after publication, according to the proposal. It means that consumers may, in principle, choose or reject genetically modified foods. This choice will, however, be limited – or possibly non-existent – if in future there will be a limited supply – or none at all – of genetically modified foodstuffs.

A label (symbol) to label food produced *without* the use of genetic technology has been proposed in several fora. Neither consumer organisations nor authorities have supported such a proposal, which will place the responsibility and costs of labelling on the companies not using genetically modified raw materials.

According to existing legislation companies may voluntarily use claims of GMO-free products, provided the claim is correct and may be documented. We would mention that in a socio-economic analysis⁹⁵ Livsmedelsekonomiska institutet (Institute on Food Economics) in Sweden came to the result that labelling for GMO-freedom would be

⁹⁴ Proposal for European Parliament and Council Regulation on traceability and labelling of genetically modified organisms and traceability of foodstuffs and feed produced from genetically modified organisms and amending Directive 2001/18/EC. COM(2001) 182 final.

⁹⁵ Livsmedelsekonomiska institutet, Labelling of genetically modified foodstuffs – a socio-economic analysis. Lund, June 2002.

more cost-effective than labelling with genetically modified content because it would give the consumers the same choice at a much lower price. That is due to the fact that obligatory labelling with GMO content and the suggested traceability requirements entail high costs for production and distribution.

1.5 Potential Ethical Food Labels

This section discusses some ethical labels whose use on foodstuffs is being debated.

1.5.1 Ecolabels

In the Nordic countries there are two public ecolabels : The EU ecolabel (the Flower) and the Nordic ecolabel (the Swan). The Swan is the most widely used and best known green label in the Nordic countries, and it is the Swan that opinion polls have shown to enjoy most consumer trust.

The overriding vision for ecolabelling is sustainable development. Ecolabelling is part of a broad social strategy with many actors who work for sustainable development in various ways. The work is based on the needs of present generations, but the challenge lies in driving the development in such a direction that nature will be able to feed future generations, as well.

The existing public ecolabelling systems, the Flower and the Swan, do not cover foodstuffs. The EC regulation on eco-labelling⁹⁶ specifically states that the labelling scheme does not include foods, drinks and drugs. The Nordic ecolabelling scheme does not contain explicit provisions to exempt food from the scope of the scheme.

In 1989, The Nordic Committee of Senior Officials for food affairs (EK-Livs) recommended that the Nordic green label should not be used on foods or on packaging for foods⁹⁷. Their attitude was based on the idea that food labelling should primarily provide information about the food as such, and especially about the nutritional qualities. Another reason was that food labelling is already very comprehensive, and consumers find it difficult to understand the labelling.

Over the years, both environmentalists and consumers have pointed out in a number of reports⁹⁸ that foodstuffs are an important product category seen from an environmentalist viewpoint, that food consumption in households has a negative effect on the environment, and that there is a need to analyse how to implement a more environmentally friendly production and consumption of foodstuffs.

In a report from 2001⁹⁹ for Nordisk Miljømærknings Nævn (The Nordic Ecoabelling Board) discusses whether the Swan is a suitable tool to contribute to new environmental gains in the food sector. The conclusion is clear: that the food sector is a very important area for the environment and thus an area where the production of criteria for green labelling has the potential to contribute to a sustainable food production. It notes, that in the 1900s, the food chain has developed into a very extensive process drawing on many

⁹⁶ Council Regulation 880/92/EEC of 23.3.1992 on a Community Eco-Label Award Scheme

⁹⁷ Nordic Council of Ministers, Food Labelling, TemaNord 1998:577

⁹⁸ See for example Swedish Environmental Protection Agency, A Sustainable Food Supply Chain, A Swedish Case Study, Report 4966, 1999.

⁹⁹ Karin Carlsson och John Bagh, Product development for new benefits for the environment – the Swan, foodstuffs and the environment, 2001-08-07 (Swedish only)

resources. Access to cheap energy and globalised trade are two of the explanations for this development, according to the report. The restructuring into large scale production with a small number of production locations has led to extensive food transportation. Altogether, the food chain – from primary producer or fishing through processing and distribution to the consumer link – puts a heavy strain on the environment.

In the basis for a decision/report it is pointed out that under green labelling the environmental criteria cover only primary production, and that none of the existing labels in the market cover any “cradle to grave” analysis of the food chain. The report therefore concludes that ecolabelling should support the trend towards sustainable production and consumption in all links of the food chain.

A possible solution for ecolabelling bodies is to develop criteria in segments that relate to foodstuffs, especially restaurants and catering kitchens and, for example, for cleaning agents, transportation and shops. It is by experience, however, difficult to prepare criteria for segments if it is not possible to use the green label on the product itself.

The final conclusion in the basis for a decision/report is as follows:

“If the Swan is to develop criteria for the processing industry, the boards need to change their attitude to:

- *using the Swan to label foodstuffs*
- *placing the Swan on products, even on food packaging, where only partial processes are labelled with the Swan.”*

Decisions in Nordisk Miljömärknings Nævn are consensus decisions. In a Nordic meeting in October 2001, the Board decided not to initiate the preparation of criteria to label foods with the Swan, as no consensus was achieved. There is strong opposition in the national boards in Denmark and Finland against ecolabelling of foods as it is feared that ecolabelling will compete with organic labelling. In Norway the national ecolabelling board has a more neutral attitude, whereas in Sweden they are positively inclined to work for ecolabelling of foods.

The national differences are thus mainly arguments that organic labelling has been established and should not be undermined by competing labelling schemes. Apart from the national differences, there are major differences in what industry, environmental organisations and authorities expect from ecolabelling. The above mentioned report refers to a survey¹⁰⁰ conducted by Casma Gruppen for SIS Miljömärkning AB. The survey is annex 2 to the report.

In 1998 the Nordic Council of Ministers set up an intersectorial working party between the consumer and the environmental sector to carry out a thorough assessment of the Swan label, which had then existed for 10 years. The objective of the assessment was to look at the Swan label as an environmental and consumer political instrument and to point to possible developments. The assessment and proposals from the working party are published in the report Svanen ur konsument- och miljöperspektiv¹⁰¹.

¹⁰⁰ Barkland, Mia, Area study on environmental labelling of foodstuffs with the Swan, Casma Gruppen AB 2000-09-19 (Swedish only)

¹⁰¹ Nordic Council of Ministers, Evaluation of Nordic environmental labelling, the Swan from a consumer and environmental perspective, TemaNord 2001:522.

The working party has analysed the importance of the Swan label for consumers and for the environment and put forward ideas for a future strategy and organisation. A brief reference to the analyses and conclusions of the working party on ecolabelling of foodstuffs follows. The working party notes that product groups that are important from an environmental perspective such as transport and food are not included under the Swan label. As these areas are responsible for a large share of the environmental impact of households in the Nordic countries, the significance of the environmental label is limited. A consumer survey carried out by the working party showed that consumers' interest in environmental issues is about as large as for health issues and significantly greater than their interest in consumer issues. The interest is mainly associated with food and the motive is concern for own and family health rather than the environment. It is noted that the dimensions health and environment tend to coincide; what is considered harmful to the environment is mainly anything that is harmful to health. This means that the focal point for consumer interest in environmental issues – food – lies outside the remit of the Swan label.

The working party concludes that the Nordic Council of Ministers, considering the significant environmental impact of food, should take an initiative to analyse how consumers' need for information about environmental aspects in their choice of food may be met. The objective is to promote a more environmentally friendly production and consumption. As regards food, however, the working party points out that there are various ways of doing it. The background is that there are already established organic labels, and that there is a risk that consumers might become confused if food was also labelled with the Swan. The working party suggests that a coordination between the ecolabels and organic labels might be feasible with the introduction of the "cradle to grave" or the lifecycle principle in organic labelling. It does, however, point out that the organic labelling comes under EU rules, and therefore it is not self-evident that aspects such as energy consumption may be included.

Referring to the difference in views among the Nordic countries and the various stakeholders (industry, organisations and authorities), the working party suggests that the question be discussed in the Nordic Council of Ministers in cooperation with the sectors involved.

1.5.2 Labelling of Fish from Sustainable Fishing

The Nordic Council of Ministers has had the labelling of fish from sustainable fishing on the agenda since 1996, and various initiatives have been taken at the Nordic and international levels. The basis has been that all fishing must satisfy existing legislation and international agreements. Fishing that, furthermore, stands out by exploiting biologically stronger stocks and by using especially careful methods could be pointed out to the consumer and carry a special label. So far it has been unsuccessful in presenting proposals for a labelling scheme.

In August 2000 the Council of Ministers adopted basic criteria for sustainable fishing¹⁰². The criteria have been prepared by a Nordic working party and were based on former

¹⁰² Nordic Council of Ministers. An Arrangement for the Voluntary Certification of Products of Sustainable Fishing. Final Report, Nordic Technical Working Group on Fisheries Ecolabelling Criteria. Copenhagen, June 21, 2000.

international and Nordic initiatives in the area, including the FAO Code of Conduct for Responsible Fisheries from 1995. The criteria apply to the catch.

The working party has not discussed methods or responsibility for accreditation and certification. The working party wants to see these questions solved before the labelling can become reality.

The criteria concern two aspects: fish stocks and the effect on ecosystems. Briefly outlined the criteria are as follows:

- The fishing must be carried out according to a management plan.
- The management plan must be based on regular (e.g. annual) scientific advice on the status of the stock and recommendations for sustainable exploitation.
- The management plan must contain measures laid down in advance and coming into force immediately when relevant reference points for the precautionary principle have been found.
- There must be efficient monitoring and control mechanisms.
- Destructive fishing methods, such as explosives or poison to kill fish shall not be used.
- The amount of fish, crustaceans and molluscs discarded must be kept as small as possible by using best available selective fishing techniques. The discarded catch shall be monitored by sampling.
- There must be management plans based on scientific advice for identified ecosystem questions that present a serious problem to fishing.

The work on the labelling of fish is now being kept up in a new working party under the Nordic Committee of Senior Officials for fisheries (NEF).

There is, however, a labelling scheme for sustainable fishing established by the Marine Stewardship Council (MSC)¹⁰³ in Great Britain. The label is used to some extent in Great Britain, for example by the dominant retail chains Safeway, Sainsbury and Tesco, in a number of other European countries and in the USA, but not in the Nordic countries. Despite huge efforts it has only been possible so far to label products from a few stocks. According to MSC's homepage in December 2002 they were: Alaska Salmon, Burry Inlet Cockles, New Zealand Hoki, South West Mackerel Handline Fishery, Thames Herring and Western Australian Rock Lobster.

Marine Stewardship Council was set up in 1997 by Unilever as one of the world's biggest buyers of fish and fishery products, and the WWF, but became an independent organisation in 1999. Originally it was thus a partnership label.

The criteria for sustainable fishing are prepared by expert groups which hear representatives from the fishing trade, fish producers, trade, environmental organisations and researchers.

The criteria are based on the following principles:

¹⁰³ www.msc.org

- Fishing must be carried out so as not to lead to overfishing or reduction of the stocks concerned, and for those stocks that are diminishing, fishing must be conducted in a way that is proven to restore stocks.
- Fishing must allow for the preservation of the structure, productivity, function and diversity of the ecosystems on which the fishing depends.
- The fishing is subject to an efficient management system with respect for local, national and international rules and standards, and which includes an institutional and operative framework for responsible and sustainable exploitation of fishing resources.

The criteria apply to fish from catch to landing.

Fish is certified on the basis of the MSC criteria by an independent, accredited control body approved by the MSC. The products may be labelled with the MSC logo.

According to a Nordic discussion paper about challenges to fishing¹⁰⁴, the Marine Stewardship Council's labelling scheme for sustainable fishing has attracted a lot of attention and increased credibility. That indicates that sustainability is on the way to becoming a sales parameter in line with other ethical considerations. The discussion paper writes that the Nordic countries will have to choose whether to introduce a Nordic labelling scheme or whether the fisheries sector shall accede to an internationally accepted standard.

Kontrollförening för ekologisk odling, KRAV, in Sweden started a project on ecolabelling of wild fish and shellfish in 2002. The purpose is to lay down rules for the control and certification of fish and shellfish from sustainable fishing, and the intention is to include the entire supply chain. The first draft rules have been sent for hearing in December 2002. The Norwegian Debio have for the time being chosen to wait and see how KRAV's work progresses, but will reconsider whether Debio will involve itself in the work.

The KRAV project aims to involve all stakeholders in the supply chain from catch to consumer. The stakeholders include fishermen, fisheries management, wholesalers, cooperative associations, auctions, retailers, processing industries and buyers as well as consumers. The Nordic Council of Ministers' bodies for fishing questions and environmental organisations will be consulted. The KRAV project notes that it may be difficult to get views from diffuse groups such as consumers, but using the Internet might be a possibility.

¹⁰⁴ Nordic Council of Ministers, The new market reality of fishing – New challenges for Nordic fishing. TemaNord 1998:523.

1.6 Data Bases on Ethics

This section gives examples of ethical consumer-related data bases on the Internet

1.6.1 ForbrugerInformationen Data Base for Ethics and Social Responsibility

ForbrugerInformation (Consumer Information) which is an independent, non-profit institution under the Danish Ministry for Economic and Business Affairs opened an Internet-based consumer data base in September 2002, intended to inform consumers of the social and ethical policies of companies. The ethics base has been developed in cooperation between ForbrugerInformation, PLS Rambøll Management, Deloitte & Touche and Valør & Tinge. It is a development project and the work is supported by Udviklingskontraktrådet (Development Contract Council) under the National Agency for Enterprise and Housing.

The Etikbasen is a facultative offer for companies that wish to present a positive image to consumers, partners, present or future employees or buyers.

The criteria for participation in Etikbasen are based on international conventions and rules, at first mainly concerning human rights. Companies may participate in Etikbasen if they have a social or ethical policy, and if they are working to create visible and tangible improvements. The companies must be able to document that they have management systems enabling them to comply with international standards and conventions. Etikbasen is process-oriented, and there is no requirement for compliance with a set of exact criteria, which at least correspond to or are above the provisions of international conventions.

Companies join the data base by filling in a questionnaire with multiple choices. The questions concern how far the company is in the process of introducing for example international standards for workers' rights. The companies may add detailed comments to each individual question and may mention relevant labelling schemes or other initiatives in the field.

The company information is checked by random samples. The controls are carried out by an independent firm of accountants. The company must be able to document the information provided, and if not will be asked to correct it. If the company consistently and knowingly provides incorrect or misleading information it will be excluded from the data base.

Etikbasen will initially be accessible on the Internet via the consumer Internet portal www.fi.dk. It is intended that the information will be available via SMS and TV later on, and in the longer term via scanners placed in shops.

1.6.2 Etisk forbrukernettverk

A new net portal, Etisk forbrukernettverk¹⁰⁶, was opened in Norway in December 2001. Etisk forbrukernettverk is an association of eleven organisations and foundations: Miljøheimeverket, Max Havelaar, Norges Naturvernforbund, Global, Framtiden I Våre Hender, NOAH for animal rights, Dyrebeskyttelsen I Norge, Forbrukerrådet, PRESS – Redd Barnas Ungdom, Regnskogsfondet and Stiftelsen Miljømerking.

The data base covers respect for the environment, animal welfare and fair trade with developing countries. Consumers may click on a subject and receive guidance about shopping in accordance with their ethical beliefs. The organisations are responsible for the information entered in the data base.

1.6.3 NorWatch

NorWatch¹⁰⁷ was set up in 1995 by the environmental and solidarity organisation Framtiden I Våre Hender (The Future in Our Hands). The purpose is to get Norwegian companies to assume an ethical responsibility for their activities in developing countries both with respect to the environment and human rights. NorWatch is a journalistic project where the work is done by a board of editors subject to “redaktørplakaten”, i.e. the guidelines of the press. NorWatch works in close cooperation with NGOs and other organisations in developing countries. The work is based on systematic collection and documentation through all possible channels from scientific investigations to subjective experience from parties involved.

Unlike the Danish data base which contains information about companies’ efforts to show ethical behaviour and social responsibility, NorWatch registers companies’ breach of environmental and human rights. The investigations are published in a monthly newsletter and reports and external media.

NorWatch has registered more than 1600 Norwegian companies in a data base accessible on the Internet.

1.6.4 SwedWatch

SwedWatch¹⁰⁸ is a network working to investigate the social and environmental behaviour of Swedish-based companies in the developing countries. The objective is to achieve concrete improvements when there are socially and environmentally criticisable conditions in Swedish companies in developing countries. The means is public information about breach of environmental and human rights.

Members of the network are: Svenska Naturskyddsförening, Framtiden I Våra Händer, Lutherhjälpen, Fairtrade Center, Svenska FN-förbundet and Miljöförbundet Jordens Vänner.

¹⁰⁶ www.etiskforbruk.no

¹⁰⁷ www.fivh.no/norwatch/index.asp

¹⁰⁸ www.swedwatch.org

1.6.5 FinnWatch

FinnWatch¹⁰⁹ was started in the autumn of 2002 by a number of NGOs: Kansalaisjärjestöjen vientiluottokampanja, Kehitysyhteistyön palvelukeskus, Kuluttajat-Konsumenterna, SAK, Suomen Ammattiliittojen Solidaarisuuskeskus. The purpose is to monitor that Finnish companies operating in developing countries live up to social responsibility in accordance with their own promises. The companies normally state that they comply with the UN Convention on Human Rights, the ILO Convention on Workers' Rights and various environmental agreements. The companies activities are also based on the OECD Guidelines for Multinational Companies and the UN Global Compact¹¹⁰ concerning the creation of a sustainable global economy. More and more companies have their own codes of conduct.

FinnWatch carries out investigations and obtains information from various sources, including organisations in the developing countries. A close cooperation with NorWatch and SwedWatch has been set up. Like these organisations FinnWatch reports on companies' breach of environmental and human rights.

¹⁰⁹ www.kepa.fi

¹¹⁰ www.unglobalcompact.org

1.7 Initiatives to Promote Ethical Trade

This section picks out a few examples of initiatives that do not aim directly at labelling or other consumer information, but are aimed at promoting a sustainable development globally. This type of initiative is growing rapidly, and the examples below only represent a small corner of the area.

1.7.1 The Ethical Trading Initiative

The Ethical Trading Initiative (ETI)¹¹¹ in Great Britain has become a model for cooperation between companies, NGOs and labour organisations aiming to improve workers' conditions and especially secure workers' human rights in developing countries producing for the British market. The aim is that international standards based on ILO conventions must be complied with or surpassed. The ETI Base Code has nine provisions that member companies are obliged to comply with. The model is based on cooperation and a learning and development process between the three parties, and in the first stage there is no certification or labelling scheme.

1.7.2 Initiativ for Etisk Handel

Initiativ for Etisk Handel (IEH)¹¹² was set up in Norway in 2000 by Handels- og Servicenæringens Hovedorganisation (Trade Union for Commerce and Service Trades), Coop Norge, LO (Norwegian TUC) and Kirkens Nødhjelp (Church Aid) with the British Ethical Trading Initiative as a model. The association is mainly aiming at Norwegian trading companies in the groceries sector. The objective is to help ensure through cooperation that Norwegian imports contribute to a social and sustainable development in producer countries. The participating companies must commit themselves to keep the minimum standards laid down in the IEH "Plakaten". The main element is that workers' rights and the rights of other parties, e.g. the local population, and important environmental aspect be taken into account in the production. The individual companies carry the responsibility that the requirements are complied with. The IEH encourages its members to use external certification or control.

1.7.3 Vastuullinen Tuontikauppa

Vastuullinen Tuontikauppa¹¹³ (Responsible Imports) is a corresponding Finnish Initiative which was established in 2001 by Finnish companies as a working party. Kaskuskauppakamari (The Chamber of Trade) coordinates the work. Unlike the British and the Norwegian initiative the Finnish one does not include trade unions and NGOs. The companies are obliged to comply with the principles agreed upon, based upon the UN human rights, children's rights and ILO workers' rights. The principle corresponds to the ETI Base Code. Individual companies are responsible for the implementation of the principles. The working party will promote measures that will make it possible in

¹¹¹ www.ethicaltrade.org

¹¹² www.etiskhandel.no

¹¹³ www.kauppakamari.fi/keskuskauppakamari/index.cfm

practice to verify the social conditions of production by means of independent expert bodies.

1.7.4 Globalt Ansvar

Globalt Ansvar (Global Responsibility) is an initiative where Swedish companies become ambassadors for human rights, fair economic and social conditions and a good environment. The companies must support and aim to observe the OECD guidelines for multinational enterprises, and the principles laid down in the UN *Global Compact*¹¹⁴ on the creation of a sustainable global economy.

These initiatives generally aim at ethical trade with the developing countries. Food trade is well represented amongst participating companies.

A broader survey of private and public initiatives to promote corporate social responsibility in the Nordic countries is available in the report from the Nordic Council of Ministers “Forbrugernes fornemmelse for etik” (Consumers’ sense of ethics), TemaNord 2001:583. Please bear in mind that also this survey will be outdated quickly.

¹¹⁴ www.unglobalcompact.org

1.8 Experience from Forest Certification

In accordance with a decision¹¹⁵ at the joint meeting for ministers of agriculture and forestry, fisheries and food in June 2001 this section looks at experience from labelling of timber and wood products.

Since the UN environmental conference in Rio de Janeiro in 1992 there has been great agreement on the Nordic and international level that forests must be managed sustainably, taking into account the economic, social, cultural and environmental needs.

Nordisk Skogscertifiering (Norwegian Forest Certification) was a cooperative project set up in the autumn of 1995 between forest owners and the forest industry in the exporting countries Finland, Norway and Sweden with a view to an open discussion of existing forest certification work as well as harmonisation of both the certification scheme and forestry standards in those countries. The initiative for Nordic certification was thus taken from the forestry industry. They were not, however, successful in adopting a common standard for sustainable forestry (common forestry standard) and in turn a certification scheme.

In 1998 the Nordic Council of Ministers produced a report on the purpose of and the possibility of common Nordic forest certification¹¹⁶. The report concluded that it is difficult to harmonise the Danish, Finnish, Norwegian and Swedish forestry standards into an operational common standard, that might be used as a basis for certification. Furthermore, there is far too much difference between the situations in these countries with respect to ownership of forests, forestry owners' standing in public opinion, the relationship between the forest industry and environmental organisations, the political and economic significance of forests, etc.

On the other hand, according to the report it is possible to decide forestry standards per country or per region on the basis of existing international and Nordic principles for sustainable forestry. The forests can thus be certified on the basis of the standard, and there may be a need for that because export markets demand certification as proof of sustainable forestry. The report is sceptical as regards the need for labelling of wood products beyond certification of the forest as such. The report makes it clear that certification is an instrument to be used in marketing, and that therefore it is up to the parties in the market – and not the authorities – to decide on the requirements on which the labelling is based.

The initiative for a common Nordic certification of timber and wood products has been abandoned with a reference to existing international certification systems. Alongside the Nordic cooperation on common certification – and after the initiative was abandoned – the forest industry in the Nordic countries has been working nationally to prepare

¹¹⁵ The Council of Ministers concluded: "It should be investigated whether it is possible to provide more information for consumers about ethical conditions in the production of foodstuffs including fish, especially concerning animal ethics and environmental concerns. It must be investigated whether experience with the labelling of timber and wood products can be used for this purpose."

¹¹⁶ Åke Barklund, Reasons and possibilities for a joint Nordic forest certification. A study for the Nordic Council of Ministers, 10.6.1998. (Swedish only)

forestry standards and certification. The process and the participants have varied, and different international principles and criteria have been used as a basis.

There are several international forest certification organisations; e.g. Forest Stewardship Council and Pan European Certification Council¹¹⁷.

The Forest Stewardship Council (FSC) was established in 1993 at the initiative of the WWF to promote the protection and the growth of the world's forests through a labelling scheme, which would make it possible in the market to select timber of wood products from well managed forests. The labelling scheme includes forests, timber and wood products including paper and other composite products. Independent certification bodies, of which there are eight at present, assess the companies and grant permission to use the label. The FSC is a non-profit organisation financed by foundations and various grants and gifts. Users of the label pay for certification.

The Forest Stewardship Council International has developed principles and criteria for forest management. These are used nationally to develop forestry standards with respect for the local economic, social and environmental situation. The standards are used as a basis for the evaluation and control of forest management by the certification body in the country or region in question. The national standards are developed through an extensive consultation of stakeholders in the country. These stakeholders include professional foresters, forest industry organisations, retailers and producers, environmental organisations and other interest organisations.

Both the forest and the producer using timber from the forest in question are inspected at the time of admission by one of the certifying bodies, who assesses the compliance with FSC principles and criteria. Control visits are carried out at least once a year.

Pan European Forest Certification (PEFC) was established in 1999 as a framework for mutual recognition of credible national forest certification schemes that are developed on the basis of internationally recognized principles for sustainable forestry. The purpose is to improve the quality of forest management and to increase the area of certified forests. The PEFC certification scheme includes sustainable forest management and timber and wood products (fibres) from forests.

The criteria in the national PEFC certification schemes are based on the result of international negotiations, also in the context of the European forest ministers' conference. A traceability system is required to prove that the timber stems from PEFC certified forests. The rules provide that the control systems must be approved by an independent third party.

The FSC scheme is used in Swedish forestry and companies to certify forests and to some agree to label wood products produced from timber from certified forestry. PEFC is used in Norway, Sweden and Finland. Certification of forests is not of special significance in Denmark, because Danish wood exports are small. The FSC logo is often seen in the Danish market, e.g. on garden furniture of tropical wood. COOP Denmark aims to have its entire range of garden furniture FSC labelled by 2003.

¹¹⁷Forest Stewardship Council, Principles and Criteria for forest management. www.fsc.org and Pan European Forest Certification Council (PEFC). www.pefc.org

2. The Need for and Models for Ethical Labelling

This part of the report analyses the need for continued development of ethical labelling and the introduction of new ethical labels. The background is the description of existing ethical food labels in the first part, and in the light of current literature on ethical consumption and labelling. The report looks at the possibility of umbrella labels as against separate labels, and at different ways of introducing, regulating and controlling labelling.

Other information methods than labels are discussed briefly.

2.1 Respect for Ethical Values in Food Production

The basic social values for the ethical rules that shall apply to the production of foodstuffs are provided in the legislation on the environment, working environment, animal welfare, etc. The “soft” values that are mentioned in the introduction are to a certain degree embedded in the legislation. In the Nordic countries, consumers also assume that the legislation is at an acceptable

level, and that the basic ethical requirements are complied with by farmers, fishermen, food producers, trade and others. If the legislation has shortcomings, it can be improved by democratic methods, or if the rules are not observed, the party in breach can be punished. Citizens – or consumers – may, through the public debate or through their interest organisations, be a party to the democratic process. Thus it is possible to prevent major deviations between citizens’ expectations and the actual situation.

On top of legislative provisions, bans, sanctions, etc., society can influence the implementation of ethical considerations during the production process through its policy of taxes and excise and through premiums for desirable initiatives. It may put a levy on pesticides in order to reduce environmental harm, or it may subsidise initiatives to protect the environment and promote animal welfare.

Globally, however, these methods have limited scope. For the time being the tightening of rules on the environment, working environment and animal welfare must be considered unrealistic at the global level, as there are huge differences in views of the importance of environmental protection, and how workers and animals should be treated, and generally on what is ethically acceptable or unacceptable. Even within the EU, it has been a difficult process to harmonise legislation, and the rules are not necessarily fully satisfactory for all member states. One recent example of different attitudes in member states was seen in the 2002 negotiations on the directive on animal transports.

At the global level it will not be desirable to harmonise the legislation at low levels of ethical requirements¹¹⁸.

Ethical labelling is an alternative and supplementary method that may be used to influence the production *through the market mechanism*. Ethical labelling is a tool serving two purposes: Firstly, labelling provides information that consumers may use to make a conscious consumption choice based on ethical attitudes. Secondly, ethical labelling affects producers and encourages – or puts pressure on – the inclusion of ethical considerations in the production. When the ethically conscious consumer demands foods produced with *extraordinary standards* of environmental care, working conditions, animal welfare and so on, the supply will follow.

Labelling is a selective tool which in most cases is used facultatively by the parties in the market.

A label provides information, enabling conscious consumers to assess whether modern food production corresponds with their wishes with respect to ethical concerns during production. Disinterested consumers do not need to bother about the labelling. The conscious consumers are not necessarily numerous, but their choices and rejections in the market help make ethical problems visible. Companies and the retail trade can choose to differentiate their products by means of ethical values through labelling. Labelling can be used to enhance a section of their product range.

Consumers may have other opportunities of affecting production conditions than through the market mechanism. The Nordic report on consumers and ethics¹¹⁹ points out that consumers must be represented in a dialogue on ethical issues between the sector and business and industrial organisations. Many companies have ethical considerations high on their agenda, in recognition of the fact that society and consumers will react negatively if these considerations were set aside. The above mentioned report also stresses that consumer political actors must be present in supranational organisations that decide the framework for world trade.

In many instances it is consumer organisations that can conduct a dialogue with sectors and organisations. But it is also possible for ordinary consumers to raise their voice and express their interest in production in accordance with certain ethical principles. An example in point is the fact that as of 2002 EU citizens have been able to participate in an online consultation about animal welfare during transport, which the Commission has opened as part of the preparation for EU legislation. Such participation is demanding for the citizens in terms of knowledge and an awareness of modern production conditions.

¹¹⁸ Nordic Council of Ministers, Nordic policy for the labelling of foodstuffs. Proposal for new initiatives. the TværMærk Project, March 2002. TemaNord 2002:589.

¹¹⁹ Nordic Council of Ministers, Consumers' sense of ethics. TemaNord 2001:583.

2.2 The Need for Ethical Labelling

This section attempts to analyse *whether* there is a need for ethical labelling and where such a need may be anchored.

2.2.1 New Wishes for Ethics-related Information

Today's legislation requires fairly extensive labelling of food. The purpose of the labelling is to ensure that consumers receive the information needed for them to make a conscious choice between the various foods in the market on the basis of essential criteria. Several labelling surveys¹²⁰ have shown that consumers want extensive labelling and product information. Most legal requirements for labelling today concern the qualities of foodstuffs, e.g. composition, shelf life and in some cases nutritional value. There is no doubt that the obligatory, EU regulated labelling about product qualities is central and essential, and that this information is of primary interest. The basic labelling philosophy is still based on this fact.

Information about the production method has not been a legal requirement prior to the EU rules about labelling foods that are produced by means of genetic engineering, which were adopted in 1996. This was a breakthrough for the indication of production methods as part of obligatory labelling. The reason for this change in labelling philosophy was that consumers strongly called for information on the possible use of genetic engineering.

It is possible for producers and the trade to provide information about production method and ethical aspects voluntarily. Information about organic production methods, production of eggs by alternative methods rather than battery production, feeding methods, IP-production, etc., actually reflect industry's response to consumer interest in new criteria for food production.

More wishes and *demands* for labelling are not without problems. According to the Nordic labelling survey¹²¹ 29% of consumers say that they often find the information on the label difficult to understand. Especially with information on ethical concerns, a certain amount of worry amongst consumers is discernible as to whether more information on foods will be more confusing than helpful.

¹²⁰ In the Pan-Nordic labelling survey about consumers' requirements for labelling and food information (TemaNord 2001:50) the market research institute concludes that extensive labelling and product information is a basic prerequisite for the modern/international food market to be able to function with consumers' full confidence. According to the survey there is a clear preference for information printed on the product, i.e. labelling, rather than other channels of information (59% of consumers prefers labelling for thorough information in the shops, and 85% do not believe that the Internet can replace the labelling, but at best supplement it) The majority of consumers (61%) prefer product information in the shape of text rather than symbols. Similar results have appeared in a number of national labelling surveys, e.g. Swedish surveys on which the report "Märk Vål! was based (The Swedish Ministry of , Good Labelling! Report on existing consumer information about household goods, SOU 1000:7) (Swedish only)

¹²¹ Nordic Council of Ministers. Consumers' demand for labelling and food information. A Pan-Nordic survey of consumer behaviour and attitudes to food labelling. TemaNord 2001:501.

Food companies have often said that labelling requirements are too extensive today, and that requirements should only be increased if there is a genuine need and with the costs in mind.

Food authorities have also had reservations about labelling with information about something other than food qualities. Earlier on in this report (see section 1.5.1) we referred to the attitude in the Nordic Committee of Senior Officials for Foodstuffs that ecolabelling should not be used for foods because there was a risk that consumers will focus on the ecolabelling instead of the wholesomeness of food.

Food authorities in some Nordic countries have expressed worry about the burdens that more obligatory labelling will impose on small companies, in particular. New rules on obligatory labelling will also add to the number of controls to be carried out by authorities.

Some authorities are also worried that ethical labelling – voluntary or obligatory – will overshadow essential information about food qualities.

Despite worries that labelling may be confusing and difficult to understand as well as costly, new wishes about information arise in society, especially information about the food production conditions. The ideas arise against the backdrop of economic growth and higher standards of living, changes in production technology, the change from the industrial to the information society, globalisation, better education and changing social attitudes in the general public, such as individualisation and declining trust in authorities. Ideas arise from grassroots movements, consumer groups and organisations, humanistic thinkers, social researchers, politicians and others, as well as the retail trade, producers and multinational companies which react to consumer attitudes. Motives may vary, but the ideas from different sources develop into trends and become part of the development of the post-industrial, wealthy society, where groups of consumers want to and can afford to satisfy their social and cultural needs.

The media have a strong influence on the debate and the direction of this development. The press often focuses on problematic examples connected with food production such as pollution of streams and ground water, the greenhouse effect and other environmental harm, poor working conditions in developing countries, child labour, criticisable animal transports, overfishing, excessive use of pesticides and food scandals.

2.2.2 Is there a Genuine Consumer Need for Ethical Information?

As discussed in section 1.2 about literature describing ethical consumption, a number of surveys show growing consumer interest in food production. Researchers have concluded from the surveys that citizens wish to influence development. The consumer channel – the market – is used to exercise influence on society through choice or rejection of products. The political consumer needs information which will facilitate individual choice in accordance with preferences and conviction.

Objective and precise knowledge about how consumers use *ethical labelling* is still limited. When asked in various surveys, consumers say that they would like to have more information about ethical aspects of production. But surveys also show that there is a wide gap between consumer attitudes and action. A politically correct attitude to ethical labelling does not necessarily lead to a purchase of products produced with special ethical care.

The Pan-Nordic survey of consumer behaviour and attitudes to food labelling¹²² showed, as mentioned earlier, that the majority of consumers have an attitude to animal welfare and environmental protection in connection with food production. As many as 77% of consumers say they are willing to pay more for foods where special care has been taken with animal welfare in the production. Similarly 67% say they will pay more for foods produced in an environmentally correct fashion. On the other hand there are almost as many consumers that say that the price is often decisive for their choice¹²³. As most labelling surveys, also the Pan-Nordic survey points to the schism between consumer attitudes and actions. It is paradoxical that only 1% find that information on animal welfare is important for their choice when shopping, and similarly 6% think that the information on ecology and the environment is important¹²⁴.

44% of consumers believe that the information on ethical aspects such as animal welfare and the environment is often misleading. According to the survey, this group of consumers felt that it should be up to the authorities to control that goods are produced in a responsible fashion.

Very little is known about consumers' actual understanding of ethical labels on food or how the labelling affects the decision to purchase. This is due to the fact that ethical labels are relatively new and not widely used in the market. Thus there has been no basis for carrying out representative studies. The Nordic report on ethics and consumption¹²⁵ mentions that the ethics related consumption so far has been an undocumented aspect of the otherwise well mapped and surveyed Nordic consumers, but there is a general feeling that, at this moment, there are many Nordic surveys on the way. One study entitled "The ethical consumer in the Nordic countries" was started under the Nordic Council of Ministers in 2002. The aim is to test and supplement Nordic expert evaluations of developments in ethical consumption by using focus groups, with consumers' own evaluation of advantages and disadvantages.

There are, however, a few surveys of how consumers use and understand organic labelling (see section 1.2.2). This report has already referred to a survey from CASA (Center for Alternativ Samfundsanalyse I Danmark)¹²⁶ (see section 1.2.4) which concludes that consumers' ethical attitudes were actually reflected in their behaviour. Some consumer surveys on organic labelling have shown that many consumers feel that organic produce is healthier than the conventional even though researchers generally have not been able to prove a higher content of nutrients.

¹²² Nordic Council of Ministers, Consumers' demand for food labelling and product information, TemaNord 2001:501.

¹²³ Ibid. These figures are based on an interview where consumers were asked to decide whether they agreed, partially agreed, neither agreed/disagreed, partially disagreed or totally disagreed with a number statements, such as "I am willing to pay more for foodstuffs where animal welfare has been respected during production", and "Price often decides my choice of food".

¹²⁴ Ibid. Consumers were interviewed immediately after they had been shopping for food. Consumers were not given leading questions, i.e. they mentioned on their own accord that information about animal welfare or the environment was significant for them without having the possible answers read out to them by interviewers.

¹²⁵ Nordic Council of Ministers, Consumers' sense of ethics. TemaNord 2001:583.

¹²⁶ Jakob Klint, CASA. Do ethics sell? – experience with the sale of animal ethical, organic and sustainably traded products, 1995. (Danish only)

It is difficult to give an exhaustive answer to the questions whether there is a genuine consumer need for ethical labelling. One may get closer to a correct conclusion by saying that there is a need in society to provide information about ethical conditions during food production, because this issue is a part of the ongoing debate in society. There is a need, shared by all stakeholders in the market – producers, traders and consumers – and the objective is to ensure that the market works.

Civil society, the market and authorities will react to issues on the public agenda, and experience has shown that especially the market tends to react negatively. It is a basic condition for the market to function and for the democratic function in society that the debate is based on open and transparent information.

The Nordic labelling survey¹²⁷, which concentrates on consumer behaviour and attitudes to food labelling, concludes that there is every reason for food policies to take into account the attitudes of political consumers and their demands with respect to the “soft” qualities of foodstuffs. According to the report, this is so because the consumers do so themselves. The report continues: “The many cases from recent years show that consumers at any moment can impose their attitudes on the individual producer or the whole sector if they get the right stimuli from consumer groups or media. The result may be great instability in the market.”

¹²⁷ Ibid

2.3 Labelling Models

This section discusses whether ethical labelling may be based on a single criterion, or whether the trend is towards labels encompassing many criteria.

Some of the existing ethical food labels build on more than one ethical criterion, others focus on a single criterion. The organic label for example includes both respect for the environment and for animal welfare. The Fairtrade label focuses on human rights and also, to some extent, environmental concerns. Labelling eggs according to production method is based on animal welfare. If a label is to signal sustainable production, the labelling should be expected - in accordance with the Brundtland Committee's definition of sustainability – to include a broad range of environmental and social criteria.

According to the report from the New Economics Foundation¹²⁸, the best communication effect vis-à-vis today's consumers is achieved by labelling on the basis of one criterion, e.g. environmental concerns or human rights, or at least by focusing on one criterion. A product may possibly carry two separate labels signalling different ethical values. The report, however, points to the sustainability labels that cover many criteria as possibly the next step in the development of labelling. If you look at national reporting and corporate social and ethical accounts and reporting, which admittedly are aimed at a well-informed target group, it is clear that today's discussion is about sustainability.

At a political level, the Danish trade union organisation LO (Landsorganisationen i Danmark) in its discussion paper in June 2001 on "Arbejdspladsens Samfundsansvar" (Social Responsibility in The Workplace) pointed to product labelling as one of the means to develop and promote corporate social responsibility. LO recommends that steps be taken towards a European uniform labelling scheme, to be based on the following six criteria: Energy, external environment, human rights, social responsibility, ecology and animal welfare, working environment and workers' rights.

It is not possible to decide in general terms which labelling model would be the most appropriate: An umbrella label covering many or all relevant criteria, or a number of separate labels, each one covering one or a few related criteria. A Nordic study started by the Council of Ministers in 2001 will attempt to throw light on consumers' views of this question.

The idea of using a label – and in particular a symbol – is, of course, to convey a complicated message to the consumer in a simple, recognizable and striking form. For the label to be successful the consumer must know the label and have an idea of what the label represents. The future development of labelling models will show how complicated a message can be, if it is to be conveyed and understood through a single label.

It is not just difficult to convey a complicated message to consumers, but it is also a major challenge to decide the criteria in a labelling scheme covering a number of

¹²⁸ Simon Zadek, Sanjiv Lingayah and Maya Forstater, The New Economics Foundation, Social Labels: Tools for Ethical Trade, final report for the European Commission, 1998.

qualities. There is presumably no general answer as to when it is possible. It is possible that labelling with sustainability, which by definition should include many criteria, is easier to implement for the production process in agriculture and fishing than for industrial foods, where it would be necessary to decide criteria for a range of ethics-related qualities throughout the production chain. On the other hand, it makes sense that a product labelled with information about sustainability is assessed throughout the lifecycle. That must apply to farming and fisheries produce as well.

Any labelling scheme must have a clear definition of the objective and the criteria which apply. It is also obvious that labelling must answer the questions that are relevant for the consumer in the context, and include the criteria that are essential. The labelling must not mislead consumers.

The foundation for subsequent considerations must be the current situation. Today there are ethical food labels with an international impact, and so far these labels are based on a few ethical criteria relevant to consumers. The future may offer umbrella labels covering a number of concerns.

2.4. Types of Regulation and Control

Ethical labelling is in most cases used voluntarily by companies and retailers. Voluntary labelling normally falls within the framework of the general legislation on labelling and misleading information or pursuant to special rules in specific areas, e.g. ecology. In one single area, genetically modified foods, the ethics-related labelling is mandatory.

It is a prerequisite for any labelling scheme that a control system be set up.

2.4.1 Voluntary Labelling

Ethical labelling today is used mainly on a voluntary basis. Voluntary labels cover a wide range from the private labels of companies and sector organisations (e.g. meat labels, Svenskt Sigill, IP-produktion) to partnership labels (e.g. the original initiative in Marine Stewardship Council, the Danish Frilandsgris) and NGO initiated labels (e.g. the Fairtrade label).

It is up to the owner of the label (the one who has introduced the labelling) to define the criteria, check the information and inform consumers of the objective of the label and its content. The label must be credible and known to consumers in order to be able to satisfy the intentions. As voluntary labelling schemes cover a broad range of objectives, contents and the number of criteria, there may be major differences between the credibility and significance of the labels in the market.

The risk of voluntary labelling is that it produces a jungle of labels that are beyond the grasp of consumers and not all very credible. That occurred in the environmental sector in the 1980s. After a mushrooming of environmental claims and labels, both industry and the authorities took initiatives to regulate the area in order to curb untruthful and misleading information. Subsequently, the voluntary labelling continued in the environmental area, but now within a regulated framework.

The risk of aberration and uncontrollable labelling is probably not so great any more as in the 1980s. The framework is narrower because of the harmonisation of food legislation in the EU and the standardisation in Codex Alimentarius. In other areas that are outside the food legislation, e.g. human rights, there are international conventions that companies and organisations must comply with when ethical labels are introduced.

Voluntary labelling of the ethics-related qualities of food is introduced in response to the political consumer's need for information, and companies' need to meet market requirements. Voluntary labelling may be considered an obvious tool in the tool box of the information society. It allows companies the possibility of standing out and differentiating their products with respect to ethical claims, and it allows the consumer to choose according to attitudes and preferences. Voluntary labelling may operate on market premises within the legislative framework without special public rules or special public administration.

2.4.2 Voluntary Labelling in a Regulated Framework

The EU has introduced rules on voluntary labelling in two fields: Organic labelling of vegetable and animal foodstuffs and the labelling of eggs according to production method. Companies and retailers are free to use these labels, but if the labelling is used, the legislative requirements on criteria, control and the method of labelling must be complied with.

The legislation on the internal market in the EU always aims to improve the functioning of the market, and this means that the possibility for both consumers, producers and distributors as well as importers to play their role in the market must be taken into account. Both the organic rules and the rules on labelling of eggs according to production method must thus guarantee producers and traders reasonable terms of competition and correct information for the consumer. But there may be other aims as well. It is claimed in the organic regulations that they may help to create a new market for agricultural products and promote environmental protection and preservation of the landscape.

The EU legislation in these areas has come about on the basis of political decisions, which have been taken as a follow-up to social trends. Voluntary labelling with organic production methods was a fact and was introduced by national and international organic organisations, and in many cases they were regulated or approved by the governments of individual countries. The labelling of eggs according to production method had been introduced by egg producers in several Nordic countries, and in Denmark for example it was “regulated” by a voluntary agreement between The Consumer Council and the poultry trade. As consumers wanted more and more information on these ethical aspects, and as different national rule and practices became a barrier in the internal market, the EU stepped in with harmonisation of the legislation.

Similarly, there may be a national framework for voluntary ethical labelling of foods either by way of legislation or in the shape of agreements. The introduction of the label “Kvalitet med omtanke” in Denmark was through legislation regarding the use of the label. Industry was free to join the labelling scheme, but if they wanted to apply the label, the criteria, control measures, etc., specified in legislation had to be observed.

Voluntary labelling within a regulated framework is a good starting point for credible labelling. Its purpose is to safeguard producers and traders against unfair competition, and provide correct and controlled information for consumers. The EU rules on voluntary labelling also always comprise rules on control.

Specific legislation is a demanding tool, however. Experience from the EU regulations shows that it is a difficult and demanding task to lay down the criteria, and that the control system imposes a lot of work on industry and food authorities, such as registration, accounts and control visits. In important areas, where there has been marked consumer demand for a possibility of influencing food production in a particular direction, and where the market function has been threatened, the EU has chosen to introduce legislation on ethical labelling despite the burdensome administration, although on a voluntary basis.

Voluntary labelling within regulated frameworks can be expected to work well in areas where producers and retailers have an incentive to label, e.g. on organic production and the production of alternative eggs, where the label can be used to stress the positive qualities of the products. Such an incentive probably does not exist for the battery

production of eggs, and it was decided to make the labelling obligatory in order to oblige egg producers to label.

In its Communication on Corporate Social Responsibility: Companies' contribution to sustainable development¹²⁹ the Commission sent a message that new (legislative) initiatives from the EU on ethical aspects of production and international trade will be under preparation within the next few years.

2.4.3 Obligatory Labelling

The only compulsory requirements in the EU which may have ethical concerns as motivation concern the labelling of foods produced by means of genetic engineering. Furthermore, the labelling of eggs according to production method will be obligatory within the EU as of January 2004.

The labelling of foods consisting of or containing GMOs or produced from such organisms cannot possibly work on a voluntary basis because consumers are sceptical vis-à-vis the use of genetic engineering in food production, and producers and retailers therefore do not have any incentive to label. Owing to a strong demand from consumers, it has therefore been necessary to make the labelling obligatory.

That the labelling of eggs according to production method is going to be obligatory shortly is probably also largely due to legislators' response to a growing need for information among consumers, and the demand for alternative eggs to battery eggs. Furthermore, obligatory labelling with rules on accounts, traceability, and so on, probably help the market function by giving authorities a better overview of the total market in eggs.

The conclusion is that obligatory labelling of the ethics-related qualities of food has been introduced when the labelling has been a clear wish from consumers, when the labelling is important for the market's functioning, and when there is sufficient incentive for producers and retailers to label on a voluntary basis.

2.4.4 Control Systems

Effective control is a sine qua non for consumer confidence in a label and, in turn, for the label to be able to work as intended. The owner of the label is obliged to set up a control scheme. The authorities are obliged to verify that labelling is not misleading.

When introducing a labelling scheme there are various possibilities of organising the control, from hiring an independent accountant, an institute or organisation to using a specialised certification body working in accordance with international ISO¹³⁰ and CEN¹³¹ standards. Even in the EU labelling scheme it is possible to use various control systems. By way of control of egg labelling on the other hand, the regulations specify control by authorities.

Ethical labelling is about how foods are produced and/or how they are traded. These aspects do not affect the product noticeably, and as there is no change to the qualities of

¹²⁹ Commission for the European Communities, Commission Communication on Corporate Social Responsibility: Companies' contribution to sustainable development, Brussels 2.7.2002.

¹³⁰ The international standardising body, www.iso.ch

¹³¹ The European standardising body, www.cenorm.be

the product, the correctness of the labelling cannot be verified by analysis. Other methods of control are needed, and these methods are such that there must be documentation that the labelling is correct. Traceability as a method is being developed in various contexts. In a proposal from the European Commission about the traceability of genetically modified organisms and foods produced from GMOs, traceability means that the GMOs and food produced from GMOs shall be traceable through all production and distribution links.

Experience from the EU labelling schemes show that control becomes a heavier administrative burden when the labelling moves from voluntary labelling to specifically regulated voluntary labelling or obligatory labelling. When the regulation is imposed at EU level, it is necessary to specify detailed provisions on control.

2.5 Other Information Methods

This section briefly discusses methods of informing consumers about ethical concerns in the production, other than labelling on the food as such.

Labelling is one way of informing consumers and creating attention and awareness of ethical concerns in the production. A label allows the consumer to quickly identify the product as, for example, organic, as a Fairtrade product or something else.

A label is normally used to pass a positive message, whereas other information methods are also used for negative messages that may make the consumers reject products.

As things stand an ethical label is sovereign in the sense that it is on the actual products in the ordinary shopping situation where consumers select from the products in the market. General information in brochures, newspapers, magazines and on TV and the Internet about production methods is not helpful in the same way at the moment of purchase.

That situation will, however be changed through electronic information in the shops and shopping via the Internet.

2.5.1 Electronic Product Information in Shops and on the Internet

Electronic information in shops may in time be able to replace ethical labels on products. When consumers are able to scan the barcode on the product by means of a scanner installed in the shop, they will be able to see the ethical qualities of the foodstuff. One may be able to imagine products made on special ethical conditions, e.g. respect for human rights, on sale without ethical labelling, but placed on special shelves provided with information signs. More information is then available to the consumer via the scanner. It seems less realistic, at least in the short term, to imagine something like organic produce without labelling. The organic label has had an impact in the market, and there are no obvious reasons to abandon the label in favour of other methods of information.

Via barcodes it is possible to provide brief information about the qualities of the product similar to the message on a label. But it is also possible to provide detailed information about the production conditions, criteria, controls, etc., or the history of the concrete product.

When trade via the Internet becomes common, information about ethics on the net may function in the same way as labels on the products. The information on the net may be used to take a decision at the moment of purchase. As is the case of scanners in shops, the net may also give a brief message about compliance with ethical demands and more detailed information.

Electronic consumer information is likely to be easier to implement than product labelling. The information must be correct, and it must not be misleading, but there is more scope than for labelling as to what information may be conveyed and in what form. It is much easier to change electronic information in tune with development.

A label is based on clear criteria that have been established, and the label may only be used when the criteria have been complied with. The criteria must be changed in step

with development to ensure that the label signals special qualities in the product beyond legislative requirements. Changing the criteria is time-consuming.

As regards controls, it applies to both labelling schemes and electronic information about a specific product that it must be possible to prove that the label or the electronic information about the product relates to the precise food in question.

2.5.2 Brands and Own Products in Retail Chains

There is a trend for companies to stand out in the market not just through private labels, but also through their branded products launched with an ethical image. The name of the companies is thus used to signal that ethical concerns have been taken into account in the production and in the trading of the product either at company or product level.

The London-based think tank the New Economics Foundation¹³² has estimated that ethical brands may play a significant role in future scenarios for ethical information. The think tank points out that many companies have been successful in promoting their branded goods as “the ethical choice”, and by securing through codes of conduct and independent control systems that their production and trading channels comply with ethical criteria. The consumers receive information through advertising, the ethical reputation of the company and consumer press reporting on the ethics of the company. Some brands have been backed by NGOs.

Branding is not without problems, and especially not when it is a case of branded goods from multinational companies. There is an international movement against branding and product images¹³³. The movement looks at branding as misleading consumers as regards the ethical qualities of the products and prefer marketing to be based on neutral, objective information and ethical guidelines.

Retail chains also enhance their image with ethical concerns both at company and at product level. On the home pages of retail chains it is possible to find information about company policy on human rights, the environment, animal welfare, etc., and specific information at product level on ethical aspects of the own labels of the chains. In the retail sector, the major British supermarket chains Tesco, Sainsbury and Asda pioneered this trend in Europe by making ethical demands of their suppliers, e.g. that the meat and fish sold under the chain’s own label. On their home page, Tesco, for example, refer to the fact that the meat and meat products sold comply with the animal welfare demands “the five freedoms”, defined by the British Farm Animal Welfare Council¹³⁴, an independent advisory body founded by the British government in 1979.

2.5.3 Broad Channels of Information on Ethical Aspects

If consumers do not need the information about ethics-related qualities of foodstuffs at the time of purchase in order “to vote through the shopping trolley”, but rather to stay informed or perhaps participate in the public debate in order to influence production conditions, ordinary information channels are useful. Information is the response of society and companies to the interest consumers show in ethical questions.

¹³² Simon Zadek, Sanjiv Lingayah and Maya Forstater, New Economics Foundation, Social Labels: Tools for Ethical Trade, final report for the European Commission, 1998.

¹³³ Klein, Noemi, No logo, 2000.

¹³⁴ www.favc.org.uk

The media play a vital role in calling attention to ethical questions in production and trade. The media often focus on individual cases and “hot news”, and this has caused many companies to create an ethical profile that corresponds to consumer expectations.

Information campaigns are organised and information and educational material prepared by organisations, industrial associations, companies, retailers and authorities.

Conferences and courses are arranged by the same groups.

The Internet offers broad access to endless information about production, certification, ethical networks, international conventions, corporate ethical profiles, individual cases about consumer boycott, etc. Today it is already possible to find on the net data bases on ethics aimed at consumers and, in a few years time, the Internet is expected to be an important tool for obtaining information. The internet allows for both short messages and in-depth background information.

In the last few years companies have added ethical accounts that explain sustainable solutions which have been found for the economy, the environment and for human beings, with a view to providing broad information about ethical conditions in production. Investors, such as pension funds and investment funds, have recently started to take an interest in this information.

Broad information channels are also important for the introduction of a label in the market. A label cannot stand alone from the outset, but back-up information about the purpose and content of the label is always necessary. It has taken an extensive information and marketing effort to make the organic label and the Fairtrade label known, for example, and it requires continuous effort to keep the labels in the consumers’ awareness. A label is often the last link in an information process, which includes public opinion, press coverage, advertising in newspapers, magazines, TV and radio, information campaigns and material, education, information on the Internet, etc.

2.6 Actors

Labelling is a market instrument used by the actors in the market, i.e. consumers, producers and trade. Furthermore, labelling is used by the authorities as a consumer political instrument.

Consumers use ethical labelling and other ethical information about products for a conscious choice based on their ethical attitudes, and they do it from different motives, partly to exercise political influence, partly from social, care or pleasure motives.

In the light of the small market shares that ethically labelled foodstuffs have, we see that only small groups of consumers actually choose foodstuffs that are labelled with information about the ethical concerns during the production process. As seen in section 2.2 of this report, a majority of consumers are, however, concerned about ethical aspects of food production.

Producers and trade meet consumer attitudes. By providing information and labelling the products, companies give the consumers interested in ethics the option of a positive choice, where consumers might otherwise react negatively by rejecting the products of the company.

The trend became clear as early as in the 1980s with the introduction of a number of private ecolabels by industry. In recent years companies have shown growing interest in creating an ethical profile by establishing codes of conduct and producing ethical accounts, and in informing consumers and investors of these efforts. Introducing labelling schemes has become part of corporate thinking (e.g. the scheme in the chocolate trade to certify products with information that child labour has not been used in the production). Some existing labels (e.g. MSC certification and a number of private labels) reflect the companies' willingness to enhance their image by ethics in food production. Retail chains provide more and more information, on the Internet for example, about the guidelines the company has produced on human rights, animal welfare and environmental protection.

Labelling is also used by authorities as a consumer political instrument. Consumers' right to information is laid down in the EU Treaty and is an essential boon in the implementation of consumer political measures in the Nordic countries. Labelling foodstuffs with a list of information about composition, sell-by dates, etc. is mandatory, precisely because consumers are entitled to information that will enable them to make conscious choices. Social changes have now developed an interest amongst consumers in the method of production as well as the qualities of the food. The European Commission mentions in its communication about corporate social responsibility¹³⁵ that "as consumers declare that they have a growing preference for products and services that it is socially and environmentally responsible to purchase, it is essential that consumers have access to information about social and environmental production conditions".

The question as to what role the authorities should play with respect to initiatives for and implementation of ethical labelling, has been raised several times in the Nordic cooperation. The purpose of this report is to contribute to the discussion. Ethics in

¹³⁵ The Commission of the European Communities, Communication from the Commission on Corporate social responsibility: Companies' contribution to sustainable development, Brussels, 2.7.2002.

production and sustainability are recognized values in the Nordic societies, and it may be up to the authorities to help raise the level, to help companies self-regulate in this area and to inform consumers. Experience from the environmental area shows that it may be necessary for authorities to intervene by regulating the area if the use of private labels and claims go in a direction that may mislead consumers. It may also be the task of the authorities to take initiatives on the basis of political decisions.

Public initiatives for ethical labelling should be accompanied by an assessment of costs.

It is noteworthy that a number of initiatives from the European Commission already indicate that the EU intends to follow the direction society takes. In that context it is an advantage that the Nordic countries are prepared for potential EU initiatives by having a discussion about ethics in food production in the public domain and in the public administration.

2.7 Ethical Labelling and International Rules

Ethical labelling in the Nordic countries must not be contradictory to the EU rules for the internal market. This means that labelling schemes must not constitute technical barriers to trade, for example. At the prospect of introducing public labels, it will undoubtedly be appropriate to provide all producers in the EU and all importers that legally import to the EU from third countries with the possibility of using the public label, when products comply with the criteria of the labelling scheme. Certain existing labels that combine quality, environmental and animal welfare requirements with requirements of national origin appear to operate in a grey area.

Ethical labels must furthermore comply with the WTO agreements on technical barriers to trade. At the global level, the interest in the West in special ethical concerns and ethical labelling is being complicated even more by the fact that developing countries often view the demand for protection of the environment, animal and workers as hidden obstacles to trade and protectionism.

According to the report from the New Economics Foundation¹³⁶ there is considerable uncertainty within the WTO agreement as to what is legal and what is illegal when it comes to ethical labels. There have been a few discussions about possible protectionism, for example about the American Dolphin Safe label in connection with the ecological labels. WTO has not banned the use of the labels, however. The stance of the WTO in the environmental field is that measures that influence trade considerably must not discriminate between domestic products and imported products, or between products from different trading partners.

¹³⁶ Simon Zadek, Sanjiv Lingayah and Maya Forstater, New Economics Foundation, social Labels: Tools for Ethical Trade. Final report for the European Commission, 1998.

3. Conclusions

This section starts with a brief outline of the general status of ethical labelling and information.

Next follows an attempt at a concrete evaluation of the extent to which the respect for ethical values today is upheld through existing labelling and other methods of information, and what perspectives there may be for further developments.

The considerations of the need and the possibility for continued development of ethical labelling are rounded off with some conclusive comments as background to proposals for further initiatives in the area.

3.1 Status of Ethical Labelling and Information

The ethical values that consumers draw on when deciding on food purchases are listed in the first part of this report (section 1.1). The list which is based on existing labelling and the public debate includes notions such as *sustainable development, human rights, animal welfare, environmental protection, ecology and the use of genetic engineering in the production of food*.

The sections on existing food labels (1.4) and potential food labels (1.5) show that some aspects of ethical food production have already been taken up and that there are generally recognized labelling schemes covering some of the ethical criteria that are of current interest. That applies to organic agricultural produce, for example, and organic foodstuffs, Fairtrade label foods and the labelling of eggs according to production method.

Some ethical aspects are not, or only to a lesser degree, covered by labels. Examples in point are sustainability and human rights.

It is typical of existing labels that they cover a relatively small part of the market. In the Nordic countries market shares for different organic product groups are often less than 10%, and only in Denmark where organic food has been an important success, does the market share for a few products such as milk and wholemeal flour reach about 20%. The market share for Fairtrade label products vary in the Nordic countries, from negligible percentages up to about 3%. The Labels are thus often found on niche products.

An ethical label must signal that the product or the production process has certain characteristics that are well above the legal requirements. Therefore, a label will not normally cover the entire market, and one might say that the label loses its significance if all products comply with the criteria and may be labelled.

The section on forms of regulation (2.4) shows that all ethical labelling is regulated by legislation, regardless whether the labelling is voluntary or obligatory.

Ethical labelling is used in most cases on a voluntary basis by companies and retailers. The labelling may be within the framework of the general rules on labelling and misleading information when it is a case of companies' or organisations' private labels

or claims, or for example the Fairtrade label. In specific areas such as ecology and labelling of eggs according to production method, the labelling is regulated in detailed legislation.

Private labels and claims may in principle work on market premises within the framework of the legislation without specific public rules or special public administration. Problems may arise if the labels are not credible, or if the controls do not work.

Legislation in specific areas is a demanding tool. Experience from EU regulations shows that it is a difficult and time-consuming task to lay down criteria, and that control systems impose a large workload on trade and food authorities in terms of registration, accounts and control visits.

The only mandatory requirement in the EU that may be motivated by ethical considerations is the labelling of foods produced by means of genetic engineering. Furthermore, the labelling of eggs according to production method will become obligatory in the EU from 1st January 2004. Obligatory labelling of the ethics-related qualities of food has been introduced when there was a clear wish from consumers for labelling, when the labelling is important for market functioning, and when there is not sufficient incentive for producers and traders to use voluntary labelling.

The analysis in section 2.4 shows that the setting up of labelling schemes and controlling them entail more cumbersome administration when the labelling moves from voluntary labelling to specifically regulated voluntary labelling and obligatory labelling.

The section on ethical data bases (1.6) gives examples of how modern information technology has been used to inform consumers of ethical concerns by other methods than by product labels. On the Internet there are a few data bases for consumers such as the Danish ForbrugerInformations Etikbase and the Norwegian Etisk Forbrukernetttverk that aim at providing positive information about ethical aspects of the production of goods and services, and a number of data basis such as NorWatch, SwedWatch and FinnWatch that report on companies' breach of ethics.

3.2 Concrete Assessment of Existing Labelling and Information Schemes

This section reviews the various ethical concerns that are relevant for food production, and we try and assess specifically to what degree the existing labels and other methods of information satisfy these concerns. Furthermore, we assess potential developments for labelling and information schemes. By potential development we think of the potential for better consumer information on ethics that exists within industry, organisations and authorities.

3.2.1 Respect for Sustainability

Sustainable development is defined in section 1.1 as an overriding concept and as a framework that may comprise several ethical aspects such as respect for the environment, human rights and animal welfare.

There are not, as yet, in the Nordic countries any functional, consumer-oriented information systems that signal sustainable production throughout the entire production chain. There are, however, initiatives aiming at such information. Cases in point are the efforts to label fish from sustainable fishing, Internet data bases for consumers, and the ethical accounts prepared by companies.

In section 1.5.2 we discuss the labelling of fish from sustainable fishing. The Nordic Council of Ministers has adopted criteria for sustainable fishing, but a Nordic labelling scheme has not been suggested yet. An international labelling scheme for sustainable fishing is organised by The Marine Stewardship Council. The scheme covers fish from catch to landing, which means that it is fishing as a profession that may be labelled as sustainable. A new project was started in 2002 by the Swedish Kontrollförening för ekologisk odling (KRAV) and is intended to introduce a labelling scheme for fish and shellfish from sustainable fishing, with requirements for sustainability throughout the supply chain.

Data bases for consumers about ethics are discussed in section 1.6. So far, data bases on the Internet do not include full information about sustainability in production.

Section 1.2.5 discusses a number of reports on corporate social responsibility, including ethical accounts and ethical labelling. The discussion both at the political and the corporate level is about sustainable development and includes human rights and the environment. Governments and the European Commission have prepared reports on corporate social responsibility, including the responsibility for society, human beings and the environment. In recent years companies have introduced ethical accounts with the triple bottom line for People, Planet, Profit (see section 1.1.).

Against this background, it seems that, in the future, information about ethical considerations in the production in certain areas may become an umbrella covering many different ethical values. On the Internet this development is already taking place, and it is also our opinion that the development of ethical labels on products may go in the direction of sustainability labels.

a)

Potential strengths of a sustainability label:

- One single label may in principle convey a complicated message to consumers in a recognizable and conspicuous way.
- A label provides information at the time of purchase.

Potential weaknesses of a sustainability label:

- The establishment of all criteria that are significant for sustainability throughout the production chain is a very demanding task.
- The review of many different criteria so that they are constantly well above legislative requirements is difficult.
- The control of many different criteria throughout the production chain is difficult and heavy on resources.
- The credibility of the label may be threatened because of the complexities of the criteria and the control system.
- A sustainability label may be easier to establish for the production process in agriculture and fishing than for industrial, composite foods.
- It takes a considerable and costly information and marketing effort to make a label known to consumers.

b)

Potential strengths of ethical data bases on sustainability:

- Ethical data bases are based on modern information technology and therefore open possibilities of contact with large groups of interested consumers in the future.
- Existing ethical data bases are based on partnerships between different actors and therefore have broad coverage.
- Data bases are easily updated.

Potential weaknesses of ethical data bases on sustainability:

- Ethical data bases today operate on very loose premises as they are based to some extent on information and declarations of intent from companies and organisations, and to some extent on journalistic reporting of information of ethical or unethical activities.
- Ethical data bases cannot for the moment be used by consumers at the time of purchase. Unlike the label on the product as such, information from the net must be sought actively by the consumers.

c)

Strengths of corporate ethical accounts

- Companies' recognition of their social responsibility and publication of ethical accounts are a strong contribution to awareness of human rights and environmental protection during production and trade.

Weaknesses of corporate ethical accounts:

- Corporate ethical accounts are only little known and used by consumers.

Development prospects:

- The introduction of a label signalling sustainable food production is one possible approach in certain product areas.
- It seems obvious to continue the Nordic cooperation with a view to a labelling scheme for fish from sustainable fishing.
- Development of other information methods than labelling to give consumers better possibilities of making a conscious choice is another supplementary or alternative method.
- The extension of existing information systems on human rights (e.g. the Danish Etikbase) may be considered, including also other ethical concerns and thus signalling sustainability.
- Information on sustainability may be provided in shops via scanners.
- Information about corporate social accounts may be increased.

Overall evaluation:

- There is a growing awareness of sustainability in food production among consumers, producers and authorities.
- The growing awareness is underpinned by globalisation. It is a recognition of the fact that globally there is a need to develop suitable steering systems that allow for human rights, the environment, etc.
- The advantages of a sustainability label for individual product areas should be weighed up against the considerable obstacles that must be overcome to establish and use such a label.
- There is a potential for the development of other information methods than labelling on products, via the Internet and via scanners in shops.
- The introduction of a Nordic label for fish from sustainable fishing is an area where the work has been started and should be kept up.

3.2.2 Respect for Human Rights

Consumer information that special respect has been shown for human rights in food production is provided to some extent today through

- a) Fairtrade labelling,
- b) ethical data bases, such as the Danish Etikbase and the Norwegian Etisk forbrukernettverk, as well as NorWatch, SwedWatch and FinnWatch, etc.

These information channels may, in addition to human rights, also include respect for the environment and some of the ethical data bases also include animal welfare.

a)

Strengths of a label about human rights

- The Fairtrade label is international and extends across the global market for imports of products from developing countries.
- The label is relatively well known by consumers in the Nordic countries.
- The criteria and control programme are laid down by the Fairtrade Labelling Organizations International after consultation with producers. The criteria are thus international, yet with some flexibility for national and local conditions.
- The label provides information at the time of purchase.

Weaknesses of a label about human rights

- The Fairtrade label only covers a limited selection of niche products, and therefore the consumer has a limited choice of products with the label.
- It takes a considerable and costly information and marketing effort to retain consumers' attention to and knowledge of the label.

b)

Strengths of ethical data bases about human rights:

- Ethical data bases are based on modern information technology and therefore open up future possibilities of contact with large groups of interested consumers.
- Existing ethical data bases are based on partnerships between different stakeholders and therefore cover a lot of ground.
- Data bases are easy to update.

Weaknesses of ethical data bases about human rights:

- Ethical data bases today operate on quite loose premises as they are based partly on information and declarations of intent from companies and organisations, partly on journalistic reporting of information about ethical or unethical activities.
- Ethical data bases cannot at the moment be used by consumers at the time of purchase. Unlike labels on the actual product, information on the net much be sought actively by the consumers.

Development prospects:

- The Fairtrade organisations in the Nordic countries need to gain larger market shares for their products to ensure the continued existence of the labelling.
- The inclusion of more product groups under the Fairtrade label might help make the labelled products more visible.
- The retail trade can make an effort to make the Fairtrade-labelled products visible in the shops.
- There is a need for a broader system than Fairtrade to monitor and guarantee human rights in food production globally, and to develop methods for informing consumers.
- The development of other methods of information to give consumers a better opportunity of making a conscious choice is another approach that might be used alongside labelling.
- There is a need to develop clear criteria for the assessment of compliance with human rights.

Overall evaluation:

- There is a growing awareness of respect for human rights during food production among consumers, producers and authorities. Respect for human beings may in time acquire the same importance as the respect for the environment already has.
- The growing awareness is strengthened by globalisation. There is recognition of the fact that there is a global need for the development of suitable steering systems that respect human rights.
- The introduction of a broader label than Fairtrade to signal compliance with human rights is one possible approach.
- There is potential for the development of other methods of information than labelling on the product, via the Internet and via scanners in shops.

3.2.3 Respect for Animal Welfare

Labelling according to production method in some cases makes it visible that food has been produced with special respect for animal welfare. On the basis of the information about the production methods consumers may choose the foods that are produced in conditions that correspond to their attitude to animal welfare.

Animal welfare criteria are part of

- a) organic labelling
- b) labelling of eggs according to production method
- c) certain private labels (e.g. private Danish meat labels).

Furthermore, the Dolphin Safe label is based on animal welfare criteria, and the Vegan label is aiming to inform consumers who are convinced that animals shall not be used in food production. These labels are considered less relevant in a Nordic context and will not be discussed here.

a)

Strengths of the organic label for animal welfare purposes:

- The organic label is well-established in the Nordic countries and is known and demanded by relatively many consumers also on animal products, especially milk products and eggs.
- Criteria for animal welfare in organic labelling are laid down by the EU. Control requirements are also specified in EU legislation. The labelling therefore has international scope.
- The development of animal welfare criteria under the organic labelling is pursued internationally by organic associations, Codex Alimentarius and the EU. There is a broad cooperation between various stakeholders.

Weaknesses of the organic label for animal welfare purposes:

- The organic label covers only a small share of production. Large groups of domestic animals are not covered by extraordinary requirements with respect to animal welfare beyond general legislative requirements, and thus consumer choice based on respect for animal welfare is limited.
- Criteria for animal welfare are laid down today in the shape of specific requirements with regard to space, ventilation and possibility for natural behaviour, etc., but in some cases there may be doubt about the context between the criteria specified and animal welfare.
- It requires a considerable information and marketing effort to retain consumers' awareness and knowledge of the label.

b)

Strengths of labelling eggs with production method:

- The labelling of egg packaging according to production method will be mandatory in EU member states as of 1st January 2004. From that date consumers in all EU countries may select eggs on the basis of easily accessible and simple information about the method of production.

- Criteria for and the labelling of eggs are laid down by the EU. Control requirements are also specified in EU legislation. The labelling therefore has international scope.

Weaknesses of labelling eggs according to production method:

- Know-how is required for consumers to be able to choose in accordance with their attitude to animal welfare.
- The production method as such does not guarantee better animal welfare.

c)

Strengths of private labels:

- Private labels are of interest to producers and trade and therefore a good approach for active use.

Weaknesses of private labels:

- The quality and credibility of private labels vary.

Development prospects:

- Continued monitoring and development of general EU provisions on animal welfare will reduce the need for special labelling for animal welfare. The objective is that the entire production takes place in conditions that respect animal welfare at a level corresponding to Nordic attitudes.
- Monitoring and development of demands for animal welfare in connection with food production globally and general information about conditions will also be a contribution to improved animal welfare in accordance with Nordic attitudes and reduce the need for special labelling.
- There is a need for the development of criteria to guarantee the link between increased animal welfare and the criteria used.
- There is a need for a broad system to inform consumers about animal welfare for other domestic animals than the organic ones.
- There is a need to improve the credibility of private labels.

Overall evaluation:

- The organic labelling of animal products works satisfactorily and satisfies the objective and should be developed within its own framework. Efforts should be made to increase market shares in accordance with public strategies and the demand in the market.
- The labelling of eggs according to production method is expected to work as intended, especially after 1st January 2004 when all egg packets must be labelled.
- As a large share of domestic animals for food production is not covered by special provisions on animal welfare beyond the general legislative provisions, there is potential for developing new, verified labelling schemes and/or other methods of information, with a view to giving consumers a better basis for a conscious consumer choice in the market.

3.2.4 Respect for the Environment

Consumer information that special respect for the environment has been shown in the food production is conveyed mainly through organic labelling. Recognized ecolabels as such are not used on food.

Certain private quality labels are also based on environmental criteria.

Strengths of the Organic Label with respect for environmental concerns:

- The organic label is well-established in the Nordic countries.
- The label is known and the products are demanded by relatively many consumers.
- Criteria for and control of the label are laid down in the EU legislation, and the label therefore has international scope.
- The organic label allows consumers the possibility of selecting foods that are produced without use of genetically modified raw materials or genetically modified fodder for animals.
- The development of the organic labelling lies with an international cooperation of organic associations, Codex Alimentarius and the EU. It is thus a broad cooperation between a range of actors.
- The retail trade actively supports the distribution of organic produce by a visible display and competitive price policy.

Weaknesses of the Organic Label with respect to environmental concerns:

- The organic label only covers a small part of the production, and according to public strategies for the development of organic farming, it is not intended to convert all of the conventional farming to organic farming. The opportunities for consumers to select foods where the production has been especially environment-friendly is thus limited.
- The criteria for the organic label are exclusively based on the environmental effect of farming (in Norway and Sweden also aquaculture). The criteria do not include lifecycle analyses, which are otherwise essential for the ecolabelling of other products than food. The environmental effects of energy consumption, packaging and transport are thus not included in the labelling.
- The criteria for the organic label do not include seepage (leakage) of nutrients.

Development prospects:

- Because the organic labelling lacks lifecycle analyses, it has been suggested that the Nordic ecolabel the Swan also be used on foods. The proposal has been met with protests from several quarters, and especially from the food sector (see section 1.5.1).
- There is a need to assess whether the basic criteria for organic labelling can be extended with a view to including more environmental concerns under the organic labelling, and to see whether the lifecycle principle may be added.

- The use of the Nordic ecolabel the Swan is still being discussed in the Nordisk Miljømærknings Nævn (Nordic Board for Ecolabelling). The ecolabel will allow consumers, through their choice of foods, to promote environmentally friendly production and distribution of foods from conventional farming. National ecolabelling boards are, however, divided in their attitude to ecolabelling of foods.

Overall evaluation:

- The organic labelling scheme works satisfactorily and as intended and should be developed within its own framework.
- Market shares should be extended in accordance with public strategies. With larger market shares, consumers will more easily be able to select on the basis of their attitude to environmental protection. Greater demand will, according to the market theory, lead to a greater supply of organic foods.
- It is estimated that the organic label today offers consumers a certain possibility for choosing foods on environmental grounds, and that at present it is not helpful to make competition for the organic label by introducing an ecolabel on the foodstuff as such.
- The discussion about the use of the ecolabel on food from conventional farming and food-related services is, however, likely to continue.

3.3 The General Conclusions of the Project Group

In this section the project group presents its concluding comments which will be the background to specific proposals for further initiatives on ethical labelling of foods.

The purpose of this report on ethical labelling of foodstuffs has been to

- collate existing experience of ethical labelling,
- describe needs and possibilities for further ethical labelling of foods,
- assess how consumers may best be informed about ethical aspects and to
- put forward a number of concrete proposals for further initiatives in the area (if possible also proposals for the design and test of labelling).

During its work the project group has agreed that the concept of labelling should be understood in a broad sense so the discussion was not limited to labelling on the food as such.

Ethical labelling of foods has existed for 10-15 years, mainly in the shape of the organic label, the Fairtrade label and the EU labelling scheme for eggs. New initiatives are on the way, e.g. labelling of sustainably produced fish. New methods of informing about ethics in production will be used on the Internet. In section 3.2 the project group has attempted a concrete evaluation of the extent to which existing labelling and information schemes meet consumer demand for information, and pointed to the possibilities for developing labelling and information schemes.

This assessment argues that the interest in ethical values in production and consumption is an integral part of social development, and that the interest is underpinned by globalisation. The respect for ethical values in production – including food production – is a reality that consumers, industry, organisations, authorities and politicians are aware of.

A number of surveys¹³⁷ show that there is growing commitment among consumers to ethics in production. The ethics-related initiatives in industry in the shape of labelling, codes of conduct and ethical accounts may be seen as the market response to consumer attitudes.

International bodies, governments and industrial and stakeholder organisations have issued a host of analyses on sustainable development of agriculture, fishing, forestry and business generally, corporate social responsibility, etc. Many of these analyses point to product labelling as one of the tools to provide information about ethical values, but also to the fact that labelling cannot stand alone, but other methods must be used for conveying information.

The mapping out of existing ethical labelling and literature studies of recent surveys and analyses about the commitment among consumers, companies and authorities to ethical

¹³⁷ See Nordic Council of Ministers, Consumer Demand for Food Labelling and Product Information. A Pan-Nordic survey of consumer behaviour and attitudes to food labelling. TemaNord 2001:501, and Nordic Council of Ministers, Consumers' sense of ethics. TemaNord 2001:583 with literature references.

labelling give the project group a basis for concluding that there is a need in society for information about ethical concerns in food production.

The project group has assessed how consumer information may be developed, and which actors should be involved in the development.

3.3.1 Development of Existing Labels

The mapping out of existing labels shows that the food area in no way is virgin soil when it comes to ethical labelling. There are labels that have gained a foothold in the market, although with small market shares, but with relatively high recognition among consumers.

That applies especially to the organic label and the Fairtrade label, which has been successful in building it up through years of difficult international cooperation between different actors and through persistent information campaigns. It also applies to the EU rules on labelling of eggs according to production method where, however, the EU has added the proviso that the labelling may be suspended if the labelling requirements turn out to be harmful for market functioning, or if controls present major difficulties.

In the areas mentioned above, where ethical labelling exists and is used to a large extent, it seems reasonable to conclude that existing labelling schemes should be retained and strengthened within the existing framework.

There are, furthermore, prospects of development for the private labels of companies and organisations. It should also be mentioned that the discussion about the use of an ecolabel on foods and food-related services is likely to continue.

Ethical labelling is an area where initiatives have often been taken by NGOs and other similar groups in order to promote objectives such as sustainable production systems or fair trade. Part of industry have decided to join the initiatives by participating in a cooperation about labelling and by marketing labelled products. Industry also to some extent uses private labels and claims of respect for ethical values during production.

Existing ethical labels have not been initiated by authorities. The authorities have, however, intervened in organic labelling and the labelling of eggs by issuing rules about voluntary and obligatory labelling. The intervention by authorities has been explained by both the wish to guarantee market functions and a political wish to guide social development in a direction that is in line with the ethical attitudes in society.

It is thus civil society, the market and in some cases the state that has created the platform for the ethical labels that exist in the market today. The further development of existing labels is a task that may be handled by the actors which have helped set up the labelling so far, and within the existing organisational framework. In the context of this report nothing has emerged that would favour organisational changes to existing labelling schemes that have proved their viability in the market.

The project group assesses that there is potential for the development of existing labels in the following main areas

- development of criteria so that they comply with the purpose of the labelling and with consumer attitudes
- extension of market shares
- development of supplementary methods of information alongside and in support of labelling on the product.

The development potential may be illustrated as follows:

In section 3.2 we pinpoint the need for development of criteria for organic labelling to ensure a link between animal welfare and the criteria that are used. We also point to a need to assess whether the basic criteria should be extended with a view to including more environmental concerns and lifecycle analyses under the organic label. As a supplementary solution we discuss the use of the environmental label on food to give consumers greater possibilities for choosing foodstuffs on the basis of their attitude to environmentally friendly production.

It is up to the authorities to promote the development of criteria in the organic production. The development of criteria is done in cooperation with organic associations and other stakeholders, which is seen as a strength for organic labelling. The extension of market shares and the development of supplementary methods of information depend on initiatives from companies and retailers and from public authorities who will act in accordance with public strategies for the development of organic farming.

The Fairtrade label is an NGO-initiated label which receives some public support in many of the 17 countries where the label is used. The development of criteria, the extension of market shares and information on the label rest with the Fairtrade organisations. Retailers may make an effort to make the Fairtrade products more visible.

The labelling of eggs according to production method is regulated by the authorities. The development of criteria and information about the labelling scheme are thus the responsibility of the authorities. Consumers' demand for eggs from different production systems will determine the development of market shares.

The development of the platform of criteria and information about the private labels of companies and organisations are the responsibility of companies and organisations. The extension of market shares is a natural part of corporate strategies.

3.3.2 Further Ethical Labelling

In areas where there is no ethical labelling as yet, but where public opinion points to a need for information there may be good reason to look at the question of developing labelling schemes and/or other methods of information. The concern for sustainable production has not yet, or only to a lesser degree, been covered by labelling schemes. Labelling with respect for human rights (the Fairtrade label) only covers a limited selection of niche products.

The development of labelling schemes and other methods of information about ethics in new areas must above all depend on whether there is a genuine need in society for receiving information about ethical conditions in food production. All parties – civil society, the market, public authorities – may have this need. These are the parties that may, if necessary, take the initiative to introduce new labelling schemes or information systems.

In section 3.2 we have pinpointed the difficulties there may be with the introduction of a general sustainability label, especially for industrial, composite foods. It is emphasized that the preparation and review of the many criteria that are significant for sustainability throughout the entire production chain is a very demanding task, and that controls are difficult and heavy on resources. We also point to the advantages of a sustainability label. One single label may basically convey a complicated message in a recognizable and eye-catching form, and the label may be used by consumers at the time of purchase. We have concluded that the advantages of a sustainability label in various product areas should be offset against the considerable difficulties, before a sustainability label is introduced.

As has been the case with existing ethical labels authorities in new areas may consider introducing new labels and/or other methods of information in order to steer social development in a desired direction – on the basis of political decisions, or in order to guarantee the functioning of the market. From the point of view of public authorities it must be part of the considerations of introducing a new label, that control requirements for public labels are extensive and a heavy burden on resources. This applies to both voluntary and mandatory labels (cf. sections 2.4.2 and 2.4.3)

Western societies were deregulated in the 1990s. There is a trend towards reducing the number of rules imposed on industry by the state, and in particular on small companies, and towards emphasizing corporate social responsibility and own standards to a greater extent. It should be noted, however, that the food area is fully regulated in the EU both with respect to consumer safety and the functioning of the market, and that the European Commission has no plans to deregulate the food area.

Earlier experience shows that “bureaucratic labels” initiated by authorities, are unlikely to function well, even though industry has joined the labelling more or less voluntarily. This assessment is made by the think-tank the New Economics Foundation in the survey for the European Commission¹³⁸. Experience from the public Danish quality label “Kvalitet med omtanke” supports this assessment.

¹³⁸ Simon Zadek, Sanjiv Lingayah and Maya Forstater, the New Economics Foundation, Social Labels: Tools for Ethical Trade, final report for the European Commission, 1998.

The setting up of a label and its introduction into the market, as well as the creation and maintenance of the image and control of the label constitute a major professional and economic challenge. It enhances the impact of the label if companies are actively involved and can use the labelling as a competitive parameter, and if there are zealots behind the label, e.g. NGOs with a genuine message for the market.

This experience and the ongoing deregulation of society indicate that the development of any new ethical labels may best be done through an initiative from industry as part of their competition for consumers' preference and/or from organisations wishing to promote an ethical aim. When new labels are introduced by industry or organisations, they will by nature be voluntary ones.

Against this backdrop the project group has reached the conclusion that currently there is no basis for proposing a general Nordic ethical label for foodstuffs within the remit of the Nordic Council of Ministers.

The project group has emphasized that there is an alternative method for developing other methods of information than labelling, e.g. data bases to permit consumers the possibility of selecting foodstuffs on an ethical basis.

3.3.3 Other Methods of Information

Providing information is a demanding task that will not be analysed in detail here. Information about ethical concerns in food production is an even bigger challenge than information about the composition and nutritional value of food because it is a complex issue, and because the attitude to ethical questions depends on the views of individual human beings.

Labelling products is a recognized method of information and a well-established consumer political instrument. For the time being labelling cannot be replaced by, only supplemented with other methods of information.

There is, however, in the opinion of the project group large development potential in using modern information technology. The development of electronic information both in shops and on the Internet is expected to become an important method within a relatively short span of years, and particularly suitable for providing voluntary information about for example ethical issues.

Broad means of information such as information campaigns, educational material, conferences and courses and information on the internet about ethics in food production is part of the information society. There is also the press as a conveyor of information and the fourth power.

A broad range of methods of information, i.e. labelling, electronic information, dialogue and public opinion – and the synergy effect between them – may be used to inform consumers about ethical conditions in food production.

4. Proposals for Further Initiatives

The last section contains proposals for joint Nordic initiatives aiming at promoting consumer information about ethical conditions in food production.
--

4.1 General Recommendations

The project group for labelling of food with ethical conditions in production notes that ethics in food production is a topical subject on the public agenda, and that the area attracts the attention of consumers, industry, the media and politicians. In its strategy for sustainable development¹³⁹ The Nordic Council of Ministers has pinpointed it as one of the long-term goals for the food sector, and that via labelling and other methods of consumer information consumers must be guaranteed the possibility of making a genuine and informed choice on the basis of ethical considerations. Ethical questions have been discussed within the Council of Ministers' remit for a number of years, and several reports on the subject have been published. A continued Nordic discussion about sustainability, including human rights, animal welfare and environmental protection in the context of food production, may throw light on the ethical concerns that are essential to consumers. The discussion may strengthen Nordic influence internationally.

According to its terms of reference the project group is asked to produce a number of concrete proposals for further initiatives for ethical labelling (if possible also proposals for the design and testing of labelling) and other methods of consumer information about ethics in food production.

The concrete proposals in sections 4.2 and 4.3 are based on discussions within the project group on how existing labelling functions, and what potential there is for development. The proposals only include initiatives that the project group feels may usefully be launched by authorities in Nordic cooperation. Outside this scope fall initiatives from industry and organisations and any national initiatives. The proposals are in no way a complete solution meeting all wishes for ethical labelling and information, but are one step in a dynamic development in the area.

On the basis of the mapping out of existing ethical labelling in the food area and its discussions of recent literature, the project group has reached the conclusion that there is not at present any basis for suggesting the introduction of a general Nordic ethical label for food.

The conclusion is, above all, based on the evaluation of the fact that past experience shows that "bureaucratic" labels initiated by authorities have poor prospects of success. An ethical label has more chance of having an impact, in the view of the project group, when the initiative arises on the basis of a strong public opinion, possibly coordinated by NGOs, and when industry finds it in its interest to use the label as a competitive parameter.

¹³⁹ Nordic Council of Ministers, Sustainable development. A new course for the Nordic Countries. TemaNord 2001:505.

Furthermore, a Nordic labelling initiative may be too narrow in a globalised world, where foods are produced in all parts of the world, and where it will be difficult from a Nordic approach to handle all the ethical criteria that need to be included and controlled.

The project group stresses that there is an alternative approach in developing other methods of information than labelling, in order to give the consumers the opportunity of selecting foods on the basis of ethical concerns. A broad range of information methods, i.e. labelling, electronic information, dialogue and public opinion – and the synergy effect between them – may be used to inform consumers about ethical conditions in food production.

The project group suggests that the Nordic Council of Ministers maintains a broad range of communication about ethical conditions in food production. The communication shall contribute to public opinion on an objective basis in accordance with the view on ethics in food production in the Nordic countries. The project group imagines that this communication may take place within the fora of the Nordic Council of Ministers and in projects that may be initiated after concrete evaluation.

The communication may build on the existing ethical commitment among consumers and contribute to the consumers' understanding of the ethical conditions in food production through initiatives for educational, school and information purposes, seminars and conferences. The communication may furthermore be based on the commitment to ethics in industry through a dialogue with producers, sectors and retailers.

An international aim and awareness of conventions and the work of supranational organisations and in NGOs will be an important element in the work.

4.2 Concrete Proposals to Create Frameworks for Information on Ethics

4.2.1 Development of information and educational methods on ethics in food production

Proposals from the project group for labelling foods with ethical considerations in production:

It is proposed that the Nordic Council of Ministers hold a multidisciplinary seminar with participation from authorities, food industries, retailers and consumer and other organisations to discuss possible information and educational initiatives and involvement of consumers in the discussion on ethics in food production.

The project group justification for the proposal:

A multidisciplinary seminar is a natural starting point for further Nordic cooperation on ethics in food production. There must be an approach to a discussion between various stakeholders as to which methods can be used when consumers must be guaranteed a possibility of choosing foods on the basis of ethical considerations. This forum with various stakeholders should try and make a clearer picture of what consumers expect of authorities and industry with respect to provision of information.

Background:

Ethical conditions in production is on the political agenda of the governments and parliaments of the Nordic Countries and in the EU, and they are discussed by public opinion, in companies' policies, in discussions in trade unions and in consumer and other interest organisations. The state, the market and civil society are aware of ethical production and trading conditions. The interest is growing in step with globalisation, including the growth in international trade.

A raft of initiatives has been started by stakeholders to qualify the discussion. We refer to analyses and discussion papers from governments, the European Commission and the Nordic Council of Ministers, companies' ethical accounts and various ethical networks between professional organisations, trade unions, interest organisations and others.

A number of surveys¹⁴⁰ show that there are groups of consumers who are motivated to consume in accordance with an ethical attitude. The motivation is often based on media reports of individual cases of criticisable aspects of production and trade, and consumer reactions are haphazard and short-lived, according to several analyses. In order to create a basis for a genuine consumer choice many actors must continue to contribute to and intensify the information. It would also be helpful to include consumers in the discussion about ethics.

The committees of senior officials and various working groups in the Nordic Council of Ministers have the framework for a continuation of the work on developing information and educational methods on ethics in production. It should be investigated whether the work in this area may be strengthened through a dialogue and cooperation with companies and the retail trade.

¹⁴⁰ See footnote 135

The project group for labelling of food with ethical conditions in production suggests that the Council of Ministers initially arranges a seminar with a view to a multidisciplinary discussion within the remit of consumer, food and environmental authorities and with participation of representatives from the food industry, retail trade and organisations. The seminar should discuss how consumer information on ethics may be improved. Modern information methods through the internet, shop scanners, etc., should be included, and it must be discussed how consumers can participate in the discussion on ethics.

Evaluation of the consequences:

By arranging a seminar with broad participation it will be possible to “take stock” of Nordic surveys and ongoing projects on consumption and ethics and the initiatives taken by the food industry and retail trade in the area. The seminar will offer an opportunity to discuss how information and educational methods should be developed, and whether it is possible to set up a cooperation between authorities, companies and retailers in concrete areas.

A seminar can be held with a budget of DKK 300 000.

4.2.2 Analysis of Socio-economic Consequences of the Use of Different Information Methods on Ethical Conditions in Food Production

Proposal from the project group for labelling of foods with ethical conditions in production:

It is proposed that the Nordic Council initiates a project to evaluate the socio-economic consequences of different initiatives to inform consumers of ethical conditions in food production.

The project group justification for the proposal:

The labelling of foods entails high costs for industry and control costs for authorities. There is very little knowledge of the effectiveness of labelling and other information methods compared with costs. There is, however, sufficient experience in the area for a socio-economic evaluation of the methods. The cost/benefit analysis may partly give an overview of the costs of labelling and other information, and partly produce knowledge of the effectiveness of information methods, and how consumers’ ethical awareness influences production methods and trade. The analysis will provide a better basis for prioritisation of information efforts.

Background:

The interest in society in ethical conditions in production is growing, and the amount of information about these conditions is growing. Information serves to give consumers an opportunity to make consumer choices on an informed basis and thus the information may help change consumption and production via the market mechanism.

Labelling is the main tool that is used to inform consumers about ethical conditions. Both producers and authorities are, however, expressing concern over growing wishes and demands for labelling. For producers labelling is an additional production cost, and this is especially the case of mandatory labelling. Labelling may also give logistical problems, and this is especially the case of labelling with ethical qualities that cannot be measured analytically. The authorities may be critical of ethical labelling on foods from

the point of view that more information may overshadow essential information about the qualities of the foodstuff, that obligatory labelling requirements are a burden especially on small companies, and that authorities are also burdened with increased control demands.

Other information methods than labelling used for ethical information, and particularly the development of electronic information in shops and on the internet are expected to lead to marked changes in the way information is conveyed.

The project group for labelling of food with ethical conditions in production estimates that it will be helpful to conduct a socio-economic analysis of the consequences of using labelling and other methods of information about ethical conditions in food production.

The analysis should include an assessment of the costs to companies, trade and the authorities of labelling and other methods of information. The analysis should also assess these costs in proportion to how effective the information is vis-à-vis consumers and in proportion to the usefulness for society by way of the effect on sustainable food production, respect for human rights, improved animal welfare and better environmental protection.

Evaluation of consequences:

A socio-economic analysis of different information methods on ethical conditions in food production will provide a better basis for prioritising initiatives.

It is estimated that the analysis can be completed within a budget of DKK 500 000.

4.2.3. Nordic Guidelines for the Use of Ethical Claims in Marketing

Proposal from the project group for labelling of food with ethical conditions in production:

It is proposed that the Nordic Council of Ministers initiates the preparation of common guidelines for the use of ethical claims in marketing.

The project group justification for the proposal:

The project will entail a legal evaluation of the aspect of misleading information in the use of ethical claims at a time when claims are not abundant in the market.

The results will be a suitable outline of how ethical consumer information may be given without being misleading.

Background:

The Norwegian consumer ombudsman issued a proposal in December 2002 for “The consumer ombudsman’s guidelines for the use of ethical claims in marketing” for public hearing. The hearing document states that “many consumers wish to consider ethical qualities in products on offer, also known as ethical consumption. This assumes that the industry provides correct information about the ethical qualities of the products.” The purpose of the guidelines will be to guarantee the quality of ethical claims used in marketing and some of the background is that consumers generally seem to be sceptical of the ethical information that industry provide about their own products.

The Nordic consumer ombudsmen introduced common guidelines for environmental claims in 1994. The work was based on previous national reports on the question. The

background to the initiative at the time was a growing use of environmental claims that were not always serious and well-founded.

The project group for labelling food with ethical conditions in production assesses that it would be useful at the Nordic level to discuss common guidelines for ethical claims before the market sees a mushrooming of misleading claims. Through the guidelines industry will receive guidance as to how ethical consumer information may be given correctly and without being misleading.

The work should probably include ethical claims generally and not be limited to the food sector. It should also be assessed what authorities should be involved in the work. In most Nordic countries consumer ombudsmen are generally responsible for the legislation on misrepresentation, but questions about misrepresentation with respect to foodstuffs are fully or partly in the hands of food authorities.

It should be noted that the definition of claim covers labels, including symbols.

Evaluation of consequences:

If it is possible to reach agreement on guidelines for ethical claims, it is simpler for industry in the Nordic countries to follow good business practice in this relatively new area. The guidelines will be able to prevent consumers being misled.

The work can be started within the committees of senior officials for consumer questions and food questions without special financial appropriations. Subsequently it may be assessed whether it is appropriate to set up a working group (a project) within a budgetary framework of DKK 300 000 to discuss and draft the proposal for guidelines.

4.3 Concrete Proposals for the Development of Tools for Information about Ethics

4.3.1 Labelling of Fish from Sustainable Fishing

Proposal from the project group for labelling of food with ethical conditions in production:

The group supports the continuation of the Nordic Council of Ministers' ongoing work on labelling of fish and shellfish from sustainable fishing. The work can presumably build on criteria that have already been established in the Council of Ministers and include terms for issuing and using a label and control of labelled products.

The project group justification for the proposal:

The market has been calling for a labelling scheme for fish from sustainable fishing. A considerable effort has already been made within the remit of the Nordic Council of Ministers to establish criteria for sustainable fishing, and the project group supports the idea that the work be continued with a view to a concrete labelling scheme.

Background:

The discussion of the labelling of fish from sustainable fishing has been held in the Nordic Council of Ministers since 1996. Various alternatives have been discussed including the development of a Nordic label, the use of the labelling scheme for sustainable fishing from The Marine Stewardship Council (MSC) or an extension of the Swan label.

In August 2000 the Nordic Council of Ministers adopted criteria for sustainable fishing, but at no time was there any proposal for a labelling scheme for fish. A working party under the committee for fisheries is, however, continuing its work on the labelling of fish. According to the discussion paper¹⁴¹ which was produced for the Council of Ministers in 1998 it is foreseen that if no Nordic labelling scheme is introduced, the fisheries sector will accede to international schemes. Even though from political and administrative quarters the Nordic attitude to the MSC labelling scheme has been sceptical, the demand for fish caught and produced with respect for sustainability may mean that the market will use the labels that are available.

In Sweden the Kontrollföreningen för ekologisk odling, KRAV, started a project in 2002 on environmental labelling of wild fish and shellfish from sustainable fishing, and the intention is to cover the entire supply chain. Initially the rules may be used by Swedish fishing companies for Nordic fishing, but in the longer term the system is intended to be recognized and possibly also used in other areas. The project will be able to accommodate fisheries from other Nordic countries.

The project group for labelling of foods with ethical conditions in production notes with satisfaction, that a working group under the committee of senior officials for fisheries continues its work on the labelling of fish. The basic criteria for labelling have already been specified in the Nordic context and the continued public discussion about

¹⁴¹ Nordic Council of Ministers, The new market reality in fishing – New challenges for Nordic fisheries. TemaNord 1998:523.

sustainable fishing seems to show that there is a basis for a market based labelling scheme.

Evaluation of consequences:

The introduction of a common Nordic label for sustainably produced fish will contribute to improved management of fisheries through the market mechanism and give consumers a possibility to choose fish from sustainable fishing. A voluntary labelling scheme will be a suitable lever for more sustainable fishing generally.

In time a Nordic label will be able to have more impact than different international and national labelling schemes that already exist or are in the offing. One single label rather than many different ones will be more easily recognizable for consumers. The introduction of a voluntary Nordic labelling scheme for fish from sustainable fishing will require extensive resources in terms of work and finance at the national and the Nordic level. A labelling scheme will probably require the setting up of a Nordic cooperation body equivalent to the Nordic Ecolabelling Secretariat.

The financial costs of establishing and marketing a Nordic label for fish from sustainable fishing and the current expenses will be significant and probably be equal to the costs of establishing, developing and running the Swan ecolabel.

4.3.2 Nordic Data Base on Sustainable Food Production

Proposal from the project group for labelling food with ethical conditions in production:

The group proposes that the Nordic Council of Ministers initiate a pre-study of the development of a data base for consumers with information about sustainable food production, including respect for human rights, animal welfare and the environment.

The Nordic work may build on the experience from the Danish Etikbase and the Norwegian Etisk forbrukernetverk and at the same time ensure that the Nordic countries may actively participate in the exchange of information on ethical conditions that takes place on the internet.

The project group justification for the proposal:

There is a basis of experience from a Danish and a Norwegian ethics data base that may be used to test the possibilities of using modern information technology in the complicated area of ethics. The pre-study will help clarify whether data bases are a cost-effective tool for consumer information.

Background:

On the Internet there is a great deal of information about ethical production, trade and consumption, and the amount of information is expected to multiply in the years to come because many initiatives in this area are being started all the time. The initiatives reflect the interest in ethical issues in civil society, the recognition by companies of their social responsibility and the wish to stand out in the eyes of consumers and investors as well as public authorities' responsibility for social development both nationally and internationally. The initiatives are relatively new and varied and not yet subject to any coordination.

Some of the information on the Internet is directed at consumers and aims to convey information that consumers can use to shop in accordance with their ethical beliefs. The information can be divided roughly into two types: Companies' positive emphasis on their own initiatives and NGO data bases focusing on companies' breach of environmental standards and human rights.

In Denmark ForbrugerInformation set up an Etikbase in 2002 (see section 1.6.1), as an opportunity for companies to supply information about the ethical concerns that are part of the company's policy and its activities. Etikbasen functions on the basis of a partnership between a public authority and private companies. Public institutions can also opt to participate in Etikbasen in line with companies. In Norway there is also an ethical data base – Etisk forbrukernetttverk – aimed at consumers. It differs from the Danish initiative in that the participants are not companies, but interest organisations and the like, such as Norges Naturvernforbund and Max Havelaar Norge. The Danish Etikbase so far contains information about respect for human rights (workers' rights, working environment, child labour) with a view to including other concerns at a later stage, e.g. the environment, whereas the Norwegian one covers respect for the environment, animal welfare and fair trade with the developing world. Both data bases are based on factual, positive information about ethical conditions.

Through a subsidy from the EU ForbrugerInformationen has been able to build a cooperation with consumer organisations in Germany and Austria in 2003 in order to develop the Etikbase to cover the EU, and initially Germany and Austria. Equivalent opportunities exist in the Nordic context.

The project group for labelling food with ethical conditions in production finds that the possibilities of setting up a Nordic cooperation should be explored, with a view to establishing a data base for consumers containing information about sustainability in the production of foodstuffs. The work can exploit the experience gathered so far from the Danish and the Norwegian data bases, and at the same time contribute to the pioneering work with ethical data bases for consumers. One of the basic tasks will be to define the criteria for assessing compliance with human rights.

Evaluation of consequences:

A pre-study in the Nordic context on the development of a data base for consumers with information on sustainable food production will make it possible to participate at an early stage in the exchange of information about ethical conditions taking place on the Internet, and to use experience from the Danish and the Norwegian data bases.

The results can be used to consider the setting up of a common Nordic data base, and they may also be used by the Nordic countries to develop their own initiatives with data bases in their own language and adjusted to suit the information needs of consumers in the individual country.

It is estimated that a pre-study can be carried out as a consultancy project within a budgetary framework of DKK 500 000.

(The costs of establishing and running a data base are not estimated here, but as background information we note that the development costs of the Danish Etikbase has been DKK 3.5 million. Running the Etikbase is intended to be self-financing).

4.3.3 Methods for Assessing the Environmental Effect of Foods

Proposal from the project group for labelling food with ethical conditions in production:

The group suggests that the Nordic Council of Ministers initiates an expert study with a view to collate available know-how on the use of lifecycle analysis and other methods of estimating the effects of the production, trade and consumption of foodstuffs on the environment. At the international level, methods have been developed in recent years to assess the effect of food production on the environment, and the group considers it appropriate to pick up existing knowledge in the Nordic countries.

The expert study is intended to produce a proposal of how these methods can be used in social analyses of the environmental effect of food production, trade and consumption. Subsequently, it will be possible to decide how consumers can best be informed about the environmental effect of food, i.e. whether to use labelling or other methods of information.

The project group's justification for the proposal:

The environmental effect of the food chain is a difficult but important question that needs to be discussed. In the context of this report the aim is to create a basis for consumer information, and thus give consumers better opportunities for choosing foods on the basis of environmental considerations.

Background:

Foodstuffs are a major contribution to the effect on the environment of households, and the environmental sector wants to be able to label so that the consumers may be able to select foodstuffs where the protection of the environment is taken into account during the lifecycle of the product.

Ecolabels are not used on foodstuffs, and even though it has been considered and suggested that the Nordic ecolabel the Swan be used, the proposal has met with opposition from several quarters, especially from the food sector. A main reason for the opposition is that ecolabelling would compete with and thus possibly weaken the organic labelling

Organic labelling includes many of the environmental concerns that are part of ecolabelling, and also the respect for animal welfare. The organic label signals that the production method is organic. The organic label does not include the environmental effect throughout the production, trading and consumption chain, and important environmentally harmful aspects such as energy consumption, transport and packaging of foods and waste treatment do not come into consideration when the organic label is used.

A multisectorial working group under the Nordic Council of Ministers with representatives from the consumer and environmental sectors has in its report¹⁴² proposed a coordination between the environmental label and the organic label by introducing the lifecycle principle in the organic labelling and that the cooperation be organised between the sectors involved under the Council of Ministers.

¹⁴² Nordic Council of Ministers, Evaluation of Nordic ecolabelling, The Swan from a consumer and environmental perspective, TemaNord 2001:522

The project group for labelling of food with ethical considerations in the production is of the view that studies of the environmental effects of production, trade and consumption of foods may be important in certain areas. An overall view of foodstuffs and their interaction with environmental protection is part of social analyses of food production and consumption. The environmental effect of foodstuffs is important for the assessment of sustainability in the production of both conventional and organic foods. It is important that there is access to recognized methods for measuring environmental effects. Furthermore, it is important to respect consumers' free choice by being able to inform them about the environmental effect of foodstuffs.

Evaluation of consequences:

The proposal entails a multisectorial cooperation between the consumer, the environmental and food/agricultural/fishing sectors. The work will be focused on a development that will include environmental and social considerations, including economic and business economic aspects, and the work will be predicated on the expertise in these areas among the participants.

It is estimated that the expert study can be completed within a budget of DKK 500 000.

4.3.4 Development of Criteria and a Label for Animal Welfare

The proposal from the project group for labelling food with ethical conditions in production:

It is proposed that the Nordic Council of Ministers should open a dialogue with the food sector about animal welfare and call upon the sector to voluntarily use labels to signal that extraordinary measures to ensure animal welfare have been taken during the production. The labelling shall be based on criteria well above legislative requirements and reliable control schemes must be established. The dialogue may be initiated in the cooperation bodies with agriculture and the food industry which the Council of Ministers has set up already.

The project group justification for the proposal:

During its evaluation of existing labelling and information schemes the project group has noted that the credibility of existing private labels about animal welfare must be improved, and that there is potential for developing verified labelling schemes and/or other information schemes about animal welfare.

Background:

Respect for animal welfare can be considered ingrained in our Nordic cultural traditions, and the population reacts strongly when the press reveals cases of poor conditions for production animals.

Consumers harbour expectations that animal foodstuffs are produced in an ethically acceptable way, and there seems to be a demand for products that are produced with special respect for animal welfare.

Consumers who want animal foodstuffs that are produced with special respect for animal welfare mainly rely on buying organic produce. When purchasing eggs consumers may choose on the basis of information about the production method. Especially in the Danish market there is also pork carrying private labels and marketed with arguments of special respect for animal welfare. Special requirements with respect for animal welfare are also part of the Godt Norsk scheme. There is no common standard (apart from legislation) on animal welfare that could be used to assess the credibility of the private labels. The labels are, however, subject to the control on misleading information carried out by the food authorities.

The project group on labelling of food with ethical conditions in production notes that, when asked, consumers declare their willingness to pay more for foods produced with special respect for animal welfare. The project group therefore finds that consumers should have information about and be able to choose such products.

Industrial associations, companies and retailers have spotted a marketing advantage in differentiating their products, and they have taken the initiative for and implementation of private meat labels, etc. The project group finds that the initiative and implementation of the labelling should remain with the industry. It would, however, be desirable to have common basic requirements for the criteria and the control scheme for animal products. The minimum requirement for the criteria should be fixed well above the legislative requirements and be revised on an ongoing basis in order to remain ahead of legislative requirements. The control systems must be credible. The authorities can

contribute to solving the tasks through a dialogue with the industry and by drawing on experts.

Evaluation of consequences:

A dialogue with the food industry is proposed, and the group stresses that the initiative for any labelling about special respect for animal welfare should remain within the sector and the retail trade.

The dialogue can be initiated in the existing cooperation bodies between the Council of Ministers, the food industry and agriculture without any special financial provision. Subsequently it will be possible to assess whether it is appropriate to set up a cooperation group (a project) within a budget of DKK 300 000 with a view to in-depth discussions with the industry.

References

Association of European Consumers, AEC comments on the legislation on Organic Action Plan for Organic Food and Farming, Opinion Paper 16 May 2002.

Barkland, Mia, Områdestudie gällande miljömärkning av livsmedel med Svanen, Casma Gruppen AB, 2000-09-19.

Carlsson, Karin och Bagh, John, Produktutveckling mot nya miljövinster – Svanen, livsmedel och miljön, 2001-08-07.

Erhvervs- og Boligstyrelsen, Økonomi- og Erhvervsministeriet, Etik i erhvervslivet – virksomhedernes samfundsmæssige ansvar. ErhvervsUdredning. Marts 2002.

The European Commission, Consumer Affairs, Outline of a possible Community approach in the area of Green Claims – consultation document, (undated)

Finansdepartementet, Märk Väl! Betänkandet av Utredningen gällande konsumentinformation på dagligvaror. SOU 1999:7.

Forbrugerstyrelsen, Forbrugerombudsmandens vejledning om miljømarkedsføring, april 1993.

Forbrugerstyrelsen, Virksomhederne og forbrugerpolitikken. En analyse af forbrugerpolitikken effekter på virksomhedernes konkurrenceevne og markedsstrategier, udarbejdet af Oxford Research A/S for Forbrugerstyrelsen. Rapport 1998.2.

Forbrugerstyrelsen, Erhvervsministeriet, Mærkning. Mærkningsudvalgets redegørelse, juli 1999.

Haavisto, Kaija, Eettisen kuluttajan muotokuva. Kuluttajien suhtautuminen yrityksen yhteiskunnalliseen vastuuseen ja lapsityövoiman käyttöön. Tammerfors Universitet, oktober 2001.

Holmberg, Hans-E og Davelid, Markus, Konsumentundersökning om ekologiska produkter/krav, LUI Marknadsinformation AB, 1999-12-21.

Instituttet for Fremtidsforskning og Elsam, Den politiske forbruger, oktober 1996.

Joint FAO/WHO Food Standards Programme, Guidelines for the Production, Processing, Labelling and Marketing of Organically Produced Foods, Issued by the Secretariat of the Joint FAO/WHO Food Standards Programme. FAO/WHO, Rome, 1999.

Jalkanen, Riitta, Kuluttajien suhtautuminen geeniteknikalla tuotettuihin elintarvikkeisiin, Kuluttajaviraston julkaisusarja 1/2000.

Klint, Jakob, Center for Alternativ Samfundsanalyse (CASA), Er der salg i etik? – erfaringer med salget af dyreetiske, økologiske og bæredygtigt handlede varer. Juni 1995.

Kommissionen for de Europæiske Fællesskaber, Grønbog. Fremme af en europæisk ramme for virksomhedernes sociale ansvar, Bruxelles, den 18.7.2001.

Kommissionen for de Europæiske Fællesskaber, Meddelelse fra Kommissionen om virksomhedernes sociale ansvar: Virksomhedernes bidrag til bæredygtig udvikling, Bruxelles, den 2. juli 2002.

KRAV, Kontrollföreningen för ekologisk odling, KRAV 2000 regler, KRAV's informationsavdelning, Uppsala.

Livsmedelsekonomiska institutet, Märkning av genmodifierade livsmedel – en samhällsekonomisk analys, Lund, juni 2002.

Maa- ja elintarviketalouden tutkimuskeskus, Ympäristö ja eettisyys elintarviketuotannossa – todentamisen ja tuotteistamisen haasteet. MTT:n selvityksiä 11, 2002. (MTT Agrifood Research Finland, Environment and ethicality in food production – the challenges of verification and productification. 2002).

Maa- ja Metsätalousministeriö, Ehdotus luonnonmukaisen elintarviketuotannon kehittämistä. Työryhmämuistio MMM 2001:10, Helsinki 2001. (Jord- och Skogsbruksministeriet, Forslag til udvikling af økologisk fødevareproduktion. Memorandum fra en arbejdsgruppe MMM 2001:10).

Maa- ja Metsätalousministeriö, Ehdotus luonnonmukaisen tuotannon valvonnan kehittämistä. Työryhmämuistio 2002:8. Helsinki 2002. (Jord- och Skogsbruksministeriet, Forslag til udvikling af kontrollen af økologisk produktion. Memorandum fra en arbejdsgruppe MMM 2002:8).

Nordic Council of Ministers, The Nordic Fisheries in the New Consumer Era – Challenges ahead for the Nordic Fisheries Sector. TemaNord 1998:526. (also available in English)

Nordic Council of Ministers, Food Labelling (af Ragnhild Kjelkevik), TemaNord 1998:577.

(also available in English and Norwegian)

Nordic Council of Ministers, An Arrangement for the Voluntary Certification of Products of Sustainable Fishing. Nordic Technical Working Group on Fisheries Ecolabelling Criteria. Final Report, Copenhagen, June 21, 2000. (also available in English and Norwegian)

Nordisk Ministerråd, Miljöargument i marknadsföring, TemaNord 1994:562. (Swedish only)

Nordisk Ministerråd, Fiskeriets nye markedsvirkelighed – Nye udfordringer for det nordiske fiskeri. TemaNord 1998:523. Udarbejdet for Nordisk Ministerråd, Fiskeriministrene, af Mandag Morgen MicroNews, april 1998. (also available in English)

Nordisk Ministerråd, Grunder för och möjligheter till samnordisk skogscertificering. En studie för Nordisk Ministerråd av Åke Barklund. Juni 1998. (Swedish only)

Nordisk Ministerråd, Forbrugernes krav til fødevaremærkning og vareinformation. En pan-nordisk undersøgelse af forbrugeradfærd og holdninger til fødevaremærkning. TemaNord 2001:501.

(also available in English and Danish)

Nordisk Ministerråd, Bæredygtig udvikling. En ny kurs for Norden. TemaNord 2001:505.

Nordisk Ministerråd, Svanen ur konsument- och miljöperspektiv, Utvärdering af den nordiska miljömärkningen, TemaNord 2001:522. (Danish only)

Nordisk Ministerråd, Forbrugernes fornemmelse for etik. TemaNord 2001:583. (Danish only)

Nordisk Ministerråd, Genteknologi i fødevarereproduktionen. Forbrugerindflydelse og forbrugerpolitik i en nordisk kontekst. TemaNord 2002:574. (Danish only)

Nordisk Ministerråd, Nordisk politik for mærkning af fødevarer. Forslag til nye initiativer. Marts 2002. TemaNord 2002:589. (also available in English and Danish)

PLS Rambøll, Forbrugerinformationen – Forbrugerdatabase.

Spørgeskemaundersøgelser blandt forbrugere og virksomheder. November 2000.

Skadegård Thorsen, Krog, Hannah og Ramoul, Soraya, Konsulentopgave vedrørende ForbrugerInformations arbejde med Den Røde Prik, august 2000.

Skadegård Thorsen, Krog, Hannah og Ramoul, Soraya, Konsulentopgave vedrørende Regeringens erhvervsstrategi, Erhvervsministeriet & Corporate Social Responsibility, august 2000.

Swedish Environmental Protection Agency, A Sustainable Food Supply Chain, A Swedish Case Study, Report 4966, 1999.

Zadek, Simon, Lingayah, Sanjiv and Forstater, Maya, Social Labels: Tools for Ethical Trade. Final report of the New Economics Foundation for the European Commission, 1998.

Artikler, brochurer m.v.

Byrne, David, European Commissioner for Health and Consumer Protection, Proposal for a regulation on GM Food and Feed, speech/01/378 for the European Parliament, Brussels, 11 September 2001.

Eurostat, Statistics in Focus. Theme 8 – 2/2003. Organic Farming in Europe.

(Veterinær- og) Fødevaredirektoratet, Ministeriet for Fødevarer, Landbrug og Fiskeri, Økologiske fødevarer. Forarbejdning, mærkning, import og kontrol, august 1998.

Fødevaredirektoratet, Ministeriet for Fødevarer, Landbrug og Fiskeri, Økologiske fødevarer, december 2001.

Golodner, Linda F, paper to Notre Dame Center for Ethics and Religious Values in Business, Apparel Industry Code of Conduct: A Consumer Perspective on Social Responsibility, October 6, 1997.

Jordbruksdepartementet, Promemoria, Etiske aspekter på djurhållning. Underlag för öppen debatt i Jordbruksrådet den 22-23 maj 2001.

Jordbruksdepartementet, Säker, hållbar, etisk – helhetssyn på livsmedelskedjan, 2000. Artikelnummer: Jo 00.013.

Jordbruksdepartementet, Faktablad, Djurskydd i Sverige, mars 2001.

Jordbruksdepartementet, Djuretik. Et elevmaterial för gymnasieskolan. 2003.

Ruotanen, Kari, Marketing Radar 4.4.2001, Undersökning om attityderna beträffande etisk handel resp. affärsverksamhet i Finland. Resultaten i sammandrag, utarbetat av Kari Ruotanen.

Tænk + Test Forbrugerbladet nr. 15/juni 2001, En bæredygtig nedtur, artikel af Uffe Laursen om Max Havelaar-mærket i Danmark.

List of Internet Addresses

Codex Alimentarius. <http://www.codexalimentarius.net>

Ethical Trading Initiative. <http://www.ethicaltrade.org>

Etisk forbrukernettverk. <http://.www.etiskforbruk.no>

EU Legislation. <http://www.europa.eu.int/eur-lex>

European Standardisation Organisation CEN. <http://.www.cenorm.be>

Fairtrade Labelling Organisations International. <http://www.fairtrade.net>

FinnWatch. <http://www.kepa.fi>

ForbrugerInformationen. <http://www.fi.dk/etik>

Global Compact. <http://www.unglobalcompact.org>

Global Reporting Initiative. <http://www.globalreporting.org>

International Standardisation Organisation ISO. <http://www.iso.ch>

Kontrollföreningen för ekologisk odling, KRAV. <http://www.krav.se>

Marine Stewardship Council. <http://www.msc.org>

Nordic Council of Ministers. <http://www.norden.org>

NorWatch. <http://www.fivh.no/norwatch/index.asp>

SwedWatch. <http://www.swedwatch.org>

Annex

Examples of Ethical Food Labels



EU organic label, Danish version



EU organic label, Finnish version



EU organic label, Swedish version



Danish organic label (Ø-label)



Organic label of Finnish authorities



Organic label from an organic association in Finland



The Norwegian organic label



Combined Norwegian organic label/Demeter label



The Swedish organic label



International biodynamic label



The international Fairtrade label



Max Havelaar Denmark introduced the new international Fairtrade label in April 2003. The old elephant label may be seen on packaging until the end of 2004.



The Finnish Fairtrade label.



The new international Fairtrade label will be used in Finland from autumn 2003.



The Norwegian Fairtrade label. Max Havelaar Norway will start using the international Fairtrade label in September 2003.



The Swedish Fairtrade label. In Sweden the international Fairtrade label will be introduced at the end of 2003.



Private Swedish quality label



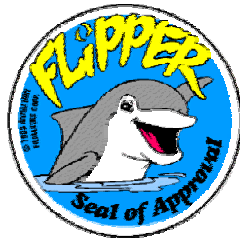
Private Norwegian quality label



Private Danish meat label



Vegan label



American label for dolphin-friendly tuna fishing.



Marine Stewardship Council label for sustainable fishing