

The Role of Private Standards

International standards can promote trade in many ways, most importantly by improving product safety. Such standards can be agreed and applied by governments or by private organizations, including NGOs, trade associations and large companies, as shown in Table 1. There are many arguments for and against these so-called private standards in international trade but what is sure is that they have become a widespread reality. Given the capacity constraints in developing countries, it is important to better understand and analyse private standards from a development perspective. It is also important to understand the implications of proliferating private standards for the capacity of the WTO to act as the ultimate ruler on standards affecting international trade. The objective is to maximize the positive effects of private standards and to minimize their negative ones.

Table 1: Examples of private standards

Created by Individual companies	Created by national chains	Created by international chains
Nature's Choice (TESCO)	Assured Food Standards (UK)	GlobalGAP
Filières Qualité (Carrefour)	British Retail Consortium Global	International Food Standard
Field-to-Fork (Marks & Spencer)	Freedom Food (UK)	Safe Quality Food (SQF) 1000/2000
Filière Contrôlée (Auchan)	Qualitat Sicherheit (QS)	Marine Stewardship Council (MSC)
P.Q.C. (Percorso Qualità Conad)	Assured Combinable Crops Scheme	Forest Stewardship Council (FSC)
Albert Heijn BV: AH Excellent	Farm Assured British Beef and	
	Sachsen Ahrenwort	
	QC Emilia Romagna	
	Stichting Streekproduction Vlaams	

Source: WTO, SPS Committee

At their best, private standards are market-driven efforts to ensure product safety and to establish homogeneity to reduce costs. However, there are also a number of concerns related to private standards, which in one way or another relate to the

accountability and legitimacy of those who set them, as well as their potentially impeding effect on trade:

- i) Lack of harmonization and equivalence on similar standards, including compliance costs, since there are multiple standards for a single product;
- ii) Marginalization of small companies and developing and least developed countries due to complex, rigorous and multi-dimensional standards;
- iii) Concerns that private standards undermine the structure of the WTO Agreements on Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Measures (SPS);
- iv) The risk that private standards are disguised and arbitrary measures that undermine free trade;
- v) Multiplication of private standards that may put at risk their sustainability objectives and create confusion for producers and consumers ');
- vi) Lack of a multi-dimensional approach to addressing risks for the composition of private standards since many of the standards are not science-based;
- vii) Effects of many private standards that are part of global supply chains, on national policies and priorities (UNFSS)¹.

To address these concerns, an international body on private standards should be launched outside the WTO. It will aim to negotiate rules for these standards and also to represent the interests of their stakeholders in other trade international fora, such as the WTO. We believe that regulatory cooperation should be looked at as an opportunity not only to define standards but to promote common practices, resource sharing and transparency.

Given the significant impact of private standards on trade, they must also be taken up more systematically in the WTO, in the SPS, TBT and Environment Committees. In the final analysis, the effects of private standards on international trade are a real concern and should be seen, ultimately, as a responsibility of governments and of the WTO. A number of specific recommendations have been formulated as the negotiation of a “meta-regulation” to establish some international rules for private standards and to make them work better from a development perspective. They include,

¹ UNFSS Forum on Sustainability Standards, Geneva, 2013. Documents available at www.unfss.org (Access on 2 February 2015).

for example, the application of the “scientific principle” and wide stakeholder consultation.