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Private Agri-food Standards: Supply Chains and the Governance of Standards

ELIZABETH RANSOM, CARMEN BAIN AND VAUGHAN HIGGINS

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The articles in this second special issue of the *International Journal of Sociology of Agriculture and Food* on private agri-food standards consider key issues involved in the shift from government to governance within agri-food systems. The first special issue, published in February 2013, focused on ‘the contestation, hybridity and the politics of standards’ (Bain et al., 2013, p. 1). The articles in the first issue complicated our understanding of the relationship between public and private standards by examining the politics associated with their formation, implementation, and outcomes. At the same time, the first special issue drew attention to the diversity of private standards, and the spaces that exist – or get created – for actors to contest the values, content or outcomes of such standards. These are important themes, revisited in the second special issue. However, the concern with the politics of standards is extended through more systematic attention to the relationship between standards, certification, and the governance of agri-food supply chains.

Governance as a concept focuses our attention on understanding the diverse tools, techniques, and activities through which actors, especially retailers, influence and coordinate production and consumption within agri-food value chains (see Higgins and Larner, 2010a; Bain et al., 2013). Private, voluntary standards are a particularly significant technique of governance in the agri-food sector. Such standards are claimed not only to overcome the limits of state capacity to regulate food supply chains in an increasingly globalizing world, but also in response to the willingness of the state to delegate regulation to private actors and multi-stakeholder initiatives (Ponte et al., 2011a). Yet, far from a complete retreat of the state, scholars see the use of private standards in combination with public or quasi-public regulation as an example of re-articulated regulation (Utting, 2008; also see Ponte et al., 2011a). Re-articulated regulation draws attention to the ways in which whole sectors are now being governed through standards and these ‘standards mark a governance field characterized by a complex configuration of deregulation and different modes of re-regulation. It is a political field that poses itself as de-politicized’ (Ponte et al., 2011b, p. 289).

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Despite a broad body of literature that recognizes the importance of standards in agri-food supply chain governance, certain key issues require further research. One growing area of inquiry within the agri-food governance literature is the discursive and organizational mechanisms through which private standards and standard setters achieve and maintain legitimacy (Bain et al., 2013, p. 4). Private standards are developed in settings that do not require open and transparent dialogue among affected parties.¹ Understanding how private governance tools such as standards and certification, and new governance forms such as multi-stakeholder initiatives (MSI), are negotiated, legitimated and settled is critical for advancing efforts to ensure that standards are more equitable, democratic and participatory. In addition, understanding why some standards or certification schemes ultimately fail provides valuable insights for thinking about creating change within global agri-food chains. The first two articles in this issue, Maki Hatanaka and Jason Konefal's analysis of the Leonardo Academy's Sustainable Agriculture Standard Initiative and Ed Challies's examination of private voluntary social standards, focus on the legitimacy of private standards.

Hatanaka and Konefal's article 'Legitimacy and Standard Development in Multi-Stakeholder Initiatives: A Case Study of the Leonardo Academy's Sustainable Agriculture Standard Initiative' explores the legitimacy, or the failure to achieve legitimacy, of private standards developed through MSIs. The authors note that 'non-state market driven (NSMD)' standards tend to be developed through one of four mechanisms: individual firms, industry associations, non-governmental actors, and multi-stakeholder initiatives (MSIs). Of these four, Hatanaka and Konefal argue that MSIs are emerging as the primary mechanism for the creation of NSMD standards. This is because the process of standard development within MSIs is seen by stakeholders as more legitimate than other forms of standard development due largely to the perception that other mechanisms of standard development are biased toward particular interests (e.g. retailers).

Utilizing the framework of Tamm Hallström and Boström (2010), Hatanaka and Konefal view legitimacy as having three distinct, but interrelated processes: input, procedural, and output legitimacy. They note that it is assumed generally that there is a positive relationship between these three processes; in other words, that positive legitimacy for any one of them contributes to positive legitimacy for the others. Instead, they find that in the case of the standard developed by the Leonardo Academy's Sustainable Agriculture MSI, positive input legitimacy may actually contribute to weakened procedural and output legitimacy. In this case, the standard lacks output legitimacy because too many actors with differing opinions on input contributed to a watering down of the standard and because key actors opted out of the process during contentious negotiations.

In 'The Limits of Voluntary Private Social Standards in Global Agri-food System Governance', Challies questions the social value of private standards, including those developed by MSIs, arguing that all such standards are prone to capture by powerful corporate interests. Focusing explicitly on voluntary private social standards (VPSSs), he argues that despite some localized benefits of VPSSs, such as smallholders being guaranteed a fair price for their produce, which is the case for Fairtrade, their value and promise should be judged according to their capacity to address the broader social inequalities and injustices that characterize the global agri-food system. Specific to agri-food systems, Challies argues that VPSSs tend to work best when applied to relatively simple agri-food chains for unprocessed or

semi-processed products, such as fresh produce, coffee or cotton, which have been produced historically under highly unequal and abusive conditions. In these cases there is great value, particularly for retailers, in the 'saleable story' of commodity production under fair and sustainable conditions. In contrast, processed products (e.g. canned goods), which operate within more complex agri-food chains and are much more numerous than unprocessed commodities, are less likely to have social criteria attached to the label. Or, if they do, it is much more difficult to trace and verify compliance to such criteria by the various businesses along the processing chain. Thus, the localized benefits of VPSSs for a relatively small number of growers and rural communities should be seen in the context of the negative social impacts engendered through a company's sourcing of far greater quantities of products that do not have VPSSs.

Furthermore, Challies notes that the capture of VPSSs by corporate interests and MSIs means that issues of global poverty and inequality tend to be depoliticized and the boundaries of legitimate action and discussion on these issues restricted, especially by states. Together, these factors work to preserve the dominance of capital over states and civil society. Challies concludes that the corporate co-option of private sustainability standards demonstrates that the realm of sustainability governance is one that should not be left to the market. The inability of VPSSs to fundamentally transform relations of production and exchange in the agri-food system towards a system that is more just, equitable and sustainable suggests the continued need for public standards and regulation. There are also other issues raised that extend beyond the need to achieve legitimacy. The next five articles in this special issue turn their attention to the tensions and contradictions that emerge with the rise of private agri-food standards.

One contradiction that several scholars in this special edition focus on is the concern over whether standards actually accomplish their intended purpose. In this collection of articles, Amy Trauger and Andrew Murphy's examination of organic banana production and consumption and Carolina Toschi Maciel and Bettina Bock's analysis of animal welfare standards reveal the contradictions that emerge from the development and implementation of private standards. These works also bring to light the growing recognition in the standards literature that the complexity of issues at stake may have reached the limits of calculability and governability through standards (Higgins and Larner, 2010b; Ponte et al., 2011b).

In 'The Moral Equivalence of Global Commodities', Trauger and Murphy focus on the ways in which supranational certification schemes and the standards within these schemes make certain aspects of the organic supply chain legible while obscuring other aspects. Similar to Challies's critique that the positives of VPSSs may not actually outweigh the negatives, the authors explore how fair trade and organic standards are enacted in the Dominican Republic banana production process. The Dominican Republic is among the largest producers of organic bananas and ships more than a third of their bananas (by volume and value) to the UK annually. They then compare this empirical data with UK consumer beliefs and understandings of organic and fair trade bananas.

The authors find that farmers are meeting the required standards that allow them to sell their product as certified organic and/or fair trade. However, producer efforts to capture the short-term price premiums associated with organic and fair trade are creating potentially negative long-term consequences for the environment (due to the intensification of organic production) or worker protection (due to the changing

visa status of workers and the lax enforcement of worker rights among smallholders) that are inconsistent with the values generally associated with organic standards.

In addition, corresponding with other agri-food studies focused on standards, the authors find it is often large-scale producers (as opposed to small-scale producers) that are best positioned to comply with the fair trade and organic standards. In sum, they conclude that for consumers of organic/fair trade labels 'what has ostensibly *not been* in the product, may not actually outweigh what now *is* in the product' (emphasis in the original). In other words, the very reasons consumers purchase fair trade and/or organic products may be negated by the consequences of intensified banana production; for example, forcing farmers to use fungicides to deal with Black Sigatoka disease and thus pushing them out of the organic market. Moreover, consumers may assume all labels are equal, even when they are not. Despite the shortcomings of fair trade and organic supranational certifications, Trauger and Murphy argue that these will remain critical for the sale of organics globally, even if the labels are not fully delivering on the values they promise.

In 'Modern Politics in Animal Welfare: the Changing Character of Governance of Animal Welfare and the Role of Private Standards', Maciel and Bock analyse and call attention to what they consider to be the ambivalent consequences of the shift in governance of animal welfare standards in Europe. Utilizing a political modernization framework they explore the changes in animal welfare governance from a state-centred to a market-centred policy domain. This shift has allowed non-state actors to participate directly and be involved actively in the development of animal welfare policies, which has created new collaborations and unexpected coalitions. Maciel and Bock conclude that the establishment of new coalitions of actors, the mobilization of resources, the redefinition of rules of the game and the enactment of new animal welfare discourses provide new opportunities for using the market to achieve animal welfare. However, there are also reasons for concern.

First, given the imbalance of power among agri-food chain actors and the possible undemocratic institutional design of private standard systems, it can be questioned whether political modernization within animal welfare benefits all actors equally. In addition, it raises the question of what types of standards and rules are likely to be generated within these circumstances. Maciel and Bock argue that food retailers are more powerful than their suppliers; thus, transnational food retailers are in a position of choosing which actors to include in a coalition, which discourses and rules of the game to enact and, ultimately, of directing animal welfare governance in a manner that serves their interests best. Harkening back to issues raised by Hatanaka and Konefal, Maciel and Bock argue that it is inappropriate to assess the private governance of animal welfare based on output legitimacy. The effectiveness of output legitimacy, they argue, 'cannot be measured objectively without prior democratic processes that guarantee that (all) affected stakeholders can participate in the definition of an "effective outcome"'. Thus, the authors conclude that a shift from government to governance in the case of animal welfare produces an ambivalent effect, because transnational food corporations acquire the capacity to act as 'quasi-states', while their actions lack the democratic legitimacy of state actions.

Maciel and Bock's conclusions also point to another area of inquiry within the governance of agri-food chains. In reality not all private standards require establishing or maintaining legitimacy. If a private retailer imposes standards that actors must subscribe to in order to participate in the value chain, then there is little need to study legitimacy. Rather, attention shifts to focusing on the ways in which actors

continue to assert their autonomy, despite the imposition of private standards on the governance of agri-food chains. Several authors in this issue reveal the ways in which the enactment of standards is a negotiated process, which affords farmers, activists, consumers and other actors opportunities for agency not always recognized in the literature. In particular, Jennifer Wiegel's analysis of a global retailer's procurement of tomatoes in Nicaragua, and Rebecca Schewe's article on the decisions of New Zealand dairy farmers and processors regarding organic certification, both focus on the ways in which actors continue to assert their autonomy, despite the governance of the chain through private standards.

In 'A New Breed of Tomato Farmers?', Wiegel highlights the ways in which the procurement of tomatoes in Nicaragua by a transnational food retailer, Ahold/Walmart, does not fully fit with the existing agri-food studies and standards literature. The literature has suggested that the success of transnational supermarkets depends on the effective localization of their operations in each new country. While Ahold/Walmart has successfully localized operations in Nicaragua they did so in an unconventional manner. Utilizing a supply chain management (SCM) lens, Wiegel reveals that rather than sourcing tomatoes from the existing 4,000 tomato farmers, the transnational supermarket created a 'new breed' of tomato farmer, who is new to tomato production.

Wiegel's study calls into question the existing literature that assumes transnational supermarkets will source their products from more capitalized farmers. Instead, she argues that the willingness of farmers to comply with new supermarket procurement requirements and standards, in addition to their ability to comply with them, must be taken into consideration. In the case of Nicaragua, existing tomato farmers resisted complying with supermarket procurement strategies, opting to continue selling to the wholesale market that dominates Nicaragua. Thus, new farmers were identified by Ahold/Walmart for tomato cultivation. Interestingly, these new tomato farmers not only organized their production systems differently (e.g. different varieties, year-round production), they also had very different social organizations of production (e.g. use of labour and financial resources). She concludes that the creation of vertically coordinated supply chains by transnational supermarkets produces not only a differentiated product, but also a differentiated set of costs and benefits of insertion in the chain, making it difficult to compare across chains as well as to switch from one to another. Far from simply figuring out how to buy tomatoes and get them on supermarket shelves, transnational food retailers have established coordinated supply chains that fit their needs. While this process may be unique to Central America, it does suggest that the sourcing of fresh fruits and vegetables in the region is undergoing change and current arrangements are far from stable.

In 'Negotiated Decision-Making: Understanding Farmer and Processor Certification', Schewe asserts that through the framework of negotiated decision-making we can understand better the factors influencing how farmers and processors choose between competing certification systems. Drawing on ethnographic interviews with New Zealand organic dairy farmers and processors, she argues that factors shaping certification choices include financial and ideological motivations, social networks, existing practices, and position in the value chain. In other words, using a negotiated decision-making framework allows for a better understanding of both the structural constraints and individual motivations shaping a farmer's selection of specific organic certifying schemes.

Schewe discovers that the need for market access and regulatory ease of processors leads them to be motivated by previous auditing relationships with certifiers, and the degrees of perceived professionalism and the extent of government affiliation among certifying bodies. On the other hand, graziers generally have smaller profit margins that make it difficult to balance both financial and ideological motivations in choosing certifiers. Since graziers are unable to reconcile the financial and ideological tensions, she finds that they often allow their certifications to lapse, whereby going with a more affordable, but less ideologically agreeable organic certifier is avoided. Ultimately, by developing a clear theory of producer/processor decision-making Schewe asserts that there is 'empirical significance for other environmental and social outcomes of private agri-food standards' in addition to theoretical implications for understanding the roles of the state and market in governing environmental and social goods.

A third area of inquiry when focusing on the shift from government to governance in the agri-food chain is the degree to which private regulation incorporates or usurps public regulation. Stewart Lockie, Anne McNaughton, Lyndal-Joy Thompson and Rebeka Tennent's comparative case studies of GLOBALG.A.P. engage with the role of public versus private regulation within agri-food chains. In 'Private Food Standards as Responsive Regulation: The Role of National Legislation in the Development and Evolution of GLOBALG.A.P.', Lockie et al. challenge the predominant argument that private standards fill a regulatory void created by the retreat of the state. Instead, the authors use three case studies from Vietnam, the Philippines, and Australia to show how private standards, such as GLOBALG.A.P., can be more appropriately characterized as a form of responsive regulation. According to Ayres and Braithwaite (1992), state regulation can be understood as a pyramid of enforcement ranging from 'command and control' mechanisms, whereby the state enforces compliance through disciplinary sanctions, to 'responsive regulation' approaches that rely on voluntary, market-based mechanisms to ensure compliance. Responsive regulation reflects the fact that contemporary states feel compelled to respond to perceived needs for government regulation and therefore continue to play a critical role in its implementation. While responsive regulatory approaches can appear at times independent of the state, they in fact operate within the legal apparatus of the state.

In the case of Vietnam, the authors find that the state has supported the implementation of the international private food standard GLOBALG.A.P., and a national food standard, VietGAP, largely in response to the international development community providing support for these endeavours. Here, Vietnamese state agencies worked to embed GLOBALG.A.P. standards within the state's regulatory framework for food safety. Nevertheless, despite the interest in GLOBALG.A.P. the actual number of certified producers in Vietnam is small and concentrated in industries where substantial technical and financial support has been provided. In the case of the Philippines, multiple certifications (e.g. ISO 22000, GLOBALG.A.P., PhilGAP-FV) with no one regulatory agency actually taking responsibility has led to a situation where the desired outcomes of any one standard may not actually occur and, in some cases, are almost entirely absent, such as in environmental or labour regulations. In Australia, growers face a large number of competing private and state standards for certification in order to participate in domestic and international markets. Rather than view private standards as imposing additional requirements on them, growers argue that GLOBALG.A.P. standards are often redundant because they are simply variations of

legislative requirements that are already in place. In addition, growers felt that many GLOBALG.A.P. standards are unnecessary or insensitive to the local social context in which agricultural production operates, such as the assumption that the children of family farmers are highly exploited through child labour. In conclusion, the authors reveal that private standards, such as GLOBALG.A.P. are best understood as a form of responsive regulation whereby the state plays a critical role in facilitating their implementation and in allowing such standards to flourish. However, the authors also warn that responsive regulation can create opportunities for the concentration and abuse of authority among non-state regulators within specific conditions (e.g. where state regulatory capacity is low).

In conclusion, similar to the first issue, all the authors in this volume raise concerns over democratic participation in the development and implementation of private standards (despite efforts to have the process appear participatory and inclusive). While actors throughout the value chain may have opportunities for the performance of agency, these opportunities are constantly in flux and often threatened, especially as transnational food retailers expand their power over the agri-food system. Certainly, consumers and social activists are demanding standards that can ensure a more just and equitable agri-food system. Yet, several articles in this issue, particularly Challies's analysis of social standards and Trauger and Murphy's analysis of organic and fair trade bananas in the Dominican Republic, suggest that social and environmental goals will continue to be undermined as long as the interests and values of capital are privileged over those of workers and farmers within the value chain and civil society more broadly.

Note

1. While it is assumed that public standards are developed in more democratic settings than private standards, Kimura (2013) observes in the case of the development of radiation standards post-Fukushima, that the standards developed by a non-profit in Japan were more democratic and transparent than corporate and government developed radiation standards.

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