

The changing interface between public and private standard setting: implications for sustainability in food supply chains

*Proposal for IAAE Pre-conference workshop
Sao Paulo, Brazil 2012*

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Theme

The regulation of agro-food markets: role of the State and sustainability implications

Background

Recent decades have witnessed a structural transformation of agro-food governance systems. Whereas food regulation has traditionally been viewed as the domain of the State and intergovernmental actors, this view is no longer a proper reflection of the situation as important changes have occurred in the role and relative importance of different governance mechanisms (state driven versus market based mechanisms) in the food industry. The governance of the agro-food industry is increasingly not just influenced but driven by private actors via private governance mechanisms such as private food standards. At the same time, though not widely recognised, governments continue despite a context of neo-liberal hegemony, to frame private standard setting activities through tightening of the regulatory environment. As a result prevailing agro-food governance systems consist of complex measures and interactions between public and private roleplayers.

The creation of governance networks in which authority is shared with both local and international private actors raises concern on the impact of these emerging forms of governance that are increasingly driven by private interests, on the sustainability of the global food system. The international literature is undecided on the potential impact of private food governance institutions depending on the dimension against which it is measured. Fuchs et al (2009) uses the dimensions of food safety and quality, environmental and social aspects to reflect on the impact of private standards on the sustainability of the food system. They find that there is generally a positive impact observed with respect to food safety and quality although this is in the case of developing countries mainly limited to export products. With private governance of environmental dimensions of agro-food production still in its infancy and limited to specific products or companies and thus lacking broad based application, Fuchs et al (2009) point out that while private governance holds the potential to positively impact environmental dimensions, it is not currently approached in a systematic and comprehensive way. In line with the international literature (see for example Barrientos et al, 2001; Van der Grijp et al, 2005) Fuchs et al (2009) further find that private governance institutions are likely to have an adverse social impact. This derives from the exclusionary dynamics associated with retailer standards in particular (see for example Humphrey et al, 2004; Maertens, 2006) and which arises from its impact on coordination and organisation of the supply chain as well as the cost of participation. By changing the organisation and coordination of supply chains and actors' strategic behaviour, standards affect power relationships and the distribution of rent within supply chains and therefore the welfare of all participating actors (Hammoundi et al, 2009). This effect may be especially severe for developing country producers (Van der Meer, 2006), as standards favour larger producers that more easily adhere to the increasingly stringent standards environment (Dolan and Humphrey, 2000). The decrease in bargaining power of primary producers is particularly concerning in light of State withdrawal of support from agriculture and market intervention.

Various studies allude to the exclusionary effects of private standards for small-scale farmers (Humphrey et al, 2004; Maertens, 2006). In this respect the high cost of participation in an increasingly privately regulated food system is widely recognised as posing a significant hurdle to market access for small-scale farmers (see also Ponte, 2007). Fuchs et al (2009) point out that the practise to describe private retailer standards as a form of “self-regulation” is deceptive given its potentially wide impact by increasing the cost burden on suppliers who do not have a choice but to participate.

The finding on the social impact of private forms of governance is ambivalent however as some studies conversely highlight the potential of standards for inclusion of small-scale farmers in developing countries in high value supply chains, which are driven by consumers’ demand for quality (Ponte and Gibbon, 2005; Giovannucci, 2003). In this respect, Chemnitz et al (2007) point out that, from a retail perspective, standards simplify the information collection process on product quality and can facilitate procurement from various independent producers, opening new opportunities for small-scale farmers. Standards could also create learning opportunities for small-scale farmers by providing knowledge in “packaged” or “codified” form through the standard specification (Fulponi, 2006; Unnevehr and Jensen, 1996). In quality oriented chains, small-scale farmers stand a better chance to comprehend and more readily comply with buyers’ requirements through the stronger working links flowing from continued quality improvement, with the levels of success depending on the product, supply chain organisation and farmers’ capability. The possibility thus exists to use emerging private standards as a strategy for inclusion and opportunity to enhance small-scale farmer participation, an aspect which raises questions around the need for public sector involvement to support small-scale farmers in making use of this opportunity.

Beyond its potential exclusionary dynamics, concern also exists on the social impact of private regulation on the continued existence of national public governance institutions and forms of “traditional social dialogue” (Tallontire, 2007). With respect to the latter, Tallontire (2007) refers in particular to the potential disruptive impact of labour standards on the relationship between trade unions and government. Both Swinnen (2005) and Henson and Humphrey (2008) refer to the difficulty in reaching conclusive findings on the social impact of private regulation given the lack of empirical evidence.

The rise of private regulation and its ability to touch on public policy concerns challenges the idea of a “private economic sphere that is distinct from a public political sphere”. Thus it is necessary to explore how, in a neo-liberal context, public regulatory activities could shape the conduct of private actors in order to achieve political objectives through governance at a distance.

Objectives

Within this context, the workshop sets out to analyse the changing interface between public and private governance, its implications on sustainability of the agro-food system and how this is impacting the role of the public sector. The workshop intends to give insights into different stakeholders’ positions (government, producers, agribusiness firms (including agro-processing and retail) and standard setting entities) with the aim of advancing the discourse on innovative public responses to emerging private modes of governance in agro-food markets. The goal is to offer a platform whereby international experiences can be discussed, lessons can be learned and recommendations can be made to improve the effectiveness of public policies in ensuring sustainability in agro-food chains.

Workshop program

First sequence: A global perspective on the development of standards

1. An economics of quality perspective on the dynamic positioning of voluntary quality standards (organic, fair trade, geographical indications...) from local to global level: insights from the South African experience

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Estelle Biénabe (France, Cirad Innovation) and Cerkia Bramley (South Africa, University of Pretoria,
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Second sequence: A private sector perspective

2. Private food standards and firm-level trade effects: the Peruvian asparagus case
Monica Schuster (Belgium, KU Leuven), Miet Maertens (Belgium, KU Leuven)
3. Safety risk management in a hybrid form governing the relationship between a shipper and its suppliers: the case of a Chilean world-wide oriented fruit exporting company
Jean-Marie Codron (France, Inra MOISA), Magali Aubert (France, Inra MOISA), Alejandra Engler (Chile, University of Talca), Pablo Villalobos (Chile, University of Talca)
4. Global GAP: discussion on the respective roles of private actors and donors in establishing standards
Céline Bignebat (France, Inra MOISA) and Isabelle Vagneron (Laos, Cirad MOISA)

Third sequence: A farmer perspective

5. Smallholder adoption of private standard certification: comparative evidence from the mango sector in Brazil and Peru
Sylvaine Lemeilleur (France, Cirad MOISA), Daniel Franco Goulart (Brazil University of Pernambuco) and Roberta de Castro Souza, (Brazil, University of São Paulo)
6. Determinants and income effects of the adoption of Global Gap, organic and rainforest alliance standards: the case of small-scale pineapple producers in Costa Rica
Meike Wollni (Germany, University of Göttingen), Fernando Saenz (Costa Rica, Universidad Nacional) Christina Romero (Germany, University of Göttingen) and Jean-François Le Coq (Costa Rica, Cirad ART'DEV)

Final sequence: A public versus private sector perspective

7. Certification, institutions and public policies: the case of coffee labels in Central American countries
Jean-François Le Coq (Costa Rica, Cirad ART'DEV)
8. Politics of Private Regulation: ISEAL and a Tripartite Standards Regime for Sustainability
Eve Fouilleux (France, Cirad MOISA) and Allison Loconto (France, Inra SenS)
9. When are private standards more stringent than public standards? A theoretical perspective
Thijs Vandemoortele (Belgium, University of Leuven LICOS)
10. Evolving roles of the public and private sectors in setting food safety and quality standards: the South African experience
Estelle Biénabe (France, Cirad Innovation) and Cerkia Bramley (South Africa, University of Pretoria, Department of Agricultural Economics, Rural Development and Extension)

General discussion (Chair: Johann Kirsten)

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