

Governance in the global agro-food system: Backlighting the role of transnational supermarket chains

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Abstract. With the proliferation of private standards many significant decisions regarding public health risks, food safety, and environmental impacts are increasingly taking place in the backstage of the global agro-food system. Using an analytical framework grounded in political economy, we explain the rise of private standards and specific actors – notably supermarkets – in the restructuring of agro-food networks. We argue that the global, political-economic, capitalist transformation – globalization – is a transition from a Fordist regime to a regime of flexible accumulation (Harvey, 1989). We also argue that the standard making process of this new regulatory regime is increasingly moving from the front stage – where it is open to public debate and democratic decision-making bodies – to the backstage – where it is dominated by large supermarket procurement offices. We assert that transnational supermarket chains are increasingly controlling what food is grown where, how, and by whom. We also contend that the decision-making processes of transnational supermarket chains are typically “black-boxed.” The Euro-Retailer Produce Working Group (EUREP) is presented as a case of private governance by transnational supermarket chains. We conclude by examining the limitations and long-term efficacy of a system of private governance in the global agro-food system.

Key words: Food and agriculture, Global oligopolies, Governance, Political economy, Privatization, Standards, Transnational supermarket chains

Abbreviations: EUREP – Euro-Retailer Produce Working Group; EUREPGAP – Euro-Retailer Produce Working Group Good Agricultural Practices; HACCP – Hazard Analysis and Critical Control Point; TSC – Transnational Supermarket Chain

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Introduction

The global agro-food system is in the midst of yet another transformation. While previous transformations have resulted in production gains, they have also had

negative consequences for peasants and small producers, as well as consumers and the environment. The current restructuring is, however, being touted differently by some (Goodman, 2003). Increases in production are not the goal this time. Rather, “quality” has become the

driving force in the current restructuring of the global agro-food system (Reardon and Farina, 2002).¹ In this paper, we examine some of the transformations taking place in the global agro-food system and assess the degree to which these transformations might produce more socially just and ecologically sound agriculture and food.

The role of transnational supermarket chains (TSCs) in the restructuring of agro-food systems has not lent itself to easy sociological research and analysis. Part of this difficulty emerges from the contradictory tendencies inherent in the global agro-food system. On the one hand, in response to stagnating profit margins, in part the outcome of fiscal and trade liberalization, the food retail sector has become increasingly concentrated to the point that today it is a global oligopoly (Buttel, 1997). Concurrent with this transformation has been a shift among supermarkets from competition based largely on price to one based on both price and quality attributes (Busch and Bain, 2004). At the same time, increased consumer pressure, largely emanating from health and food safety concerns (Goodman and Dupuis, 2002), has encouraged supermarkets to differentiate the marketplace for food.

This combination of concentration in the food retail sector coupled with increased consumer pressure has produced incentives for food retailers to incorporate social and ecological product attributes into production practices (Reardon and Farina, 2002). The result is that TSCs are increasingly using such attributes as quality, safety, labor, and the environment to differentiate the marketplace for food. To ensure that foods are safe and of a certain quality, supermarkets have begun to develop and implement standards throughout the agro-food system. These standards allow food retailers to dictate production practices and define the attributes of products without direct involvement in the upstream segments of the commodity chain.

In this paper, we examine whether a shift in the direction of an “economy of quality” in agriculture is enabling capital to be both profitable and socially and ecologically responsible at the same time. For us, the backstage and private character of decisions regarding food safety and health and the social and ecological conditions of production raises questions regarding the kinds of standards developed and their long-term efficacy. We are particularly interested in the outcomes of such processes from the perspective of labor and the environment. Private standards may be producing safer food and better agricultural practices, however, we believe that a number of political, economic, social, and ecological issues, such as questions of justice, full and fair employment, and environmental degradation, have thus far gone unexamined.

The first part of this paper provides a succinct overview of the transition from Fordist economies to glob-

alized practices of flexible accumulation. We argue that such a shift has in part given rise to the use of backstage governance and private standards that are increasingly part of the global agro-food system. The second part of the paper provides an overview of standards. In particular, the shift from public to private standards in agriculture and the associated changes in governance are analyzed. In the third section, the changes taking place in the food retail sector are examined. We argue that consolidation and concentration are occurring and that the character of competition is also changing. In the fourth section, the European supermarket initiative, Euro-Retailer Produce Working Group (EUREP), is presented as an example of the kind of private standard making and governance now taking place in the global agro-food system. We conclude by offering the beginnings of a critique of private standards as a form of regulation. We also examine the implications that private – as opposed to public – governance might have for health, labor, and the environment. In particular, we are interested in whose vision such private standards represent and what visions are excluded.

The performance metaphor

Part of the theoretical inspiration for this paper came from Erving Goffman’s metaphor of “performance” (Goffman, 1959, 1971). “Goffman uses the metaphor of the theater to examine how individuals present themselves in everyday interaction and how audiences appreciate them” (Hillgartner, 2000). For Goffman, like Shakespeare, the entire world is truly a stage, and individuals playing on the front stage are constantly engaged in selective self-revelation and concealment to project a character. This performance is also used to conceal the “true” identity of the performer from the audience.

The notion of performance offers a unique perspective into the role of supermarkets in the restructuring of the global agro-food system. On the surface or front stage, TSCs in particular, and the global agro-food system in general, are providing the economically privileged strata with an increasing array of fresh and safe food. For some consumers, the global agro-food system provides the convenience of fresh and relatively safe food. It also provides an array of niche goods, such as ethnic foods, organics, and fair trade.² However, the advantage gained by the audience – in this case the affluent consumer – also requires that TSCs have increased control over the global agro-food system. TSCs are exerting their control over the global agro-food system largely by using standards to delimit production processes and products to best suit their needs and their customers’ needs.

However, backstage, the capitalist efficiencies that are driving the retailer-led restructuring of the global agro-food system are not necessarily interested in national public interests and social welfare (Barnet and Cavanagh, 1994). Rather, we argue, when viewed from the backstage, the global restructuring of agriculture is largely being driven by corporate profit and not public needs. For us, such discrepancies between the front and backstages of the global agro-food system raise questions concerning the long-term efficacy of the front stage performance. Put differently, the front stage cannot be understood without looking backstage.

Fordism to flexible accumulation: The globalization of agriculture

Our analysis is grounded in the political-economic and socio-cultural changes produced in the transition from Fordism to flexible accumulation.³ We argue that the transition from Fordism to flexible accumulation produced a series of transformations in food and agriculture and that these transformations have given rise to the emergence of an increasingly private system of governance in the global agro-food system. Specifically, we see three transformations as important to the current, retailer-driven restructuring of the global agro-food system. The first transformation is the change in scale of the global agro-food system. Flexible accumulation has shifted the scale and geography of agro-food networks from one that was by-and-large dominated by local, regional, and national networks to one that has become global and increasingly concentrated (Friedland, 1994). The second transformation is the emergence of buyer-driven commodity chains in the global agro-food system. Consequently, power in the global agro-food system has become more and more concentrated in TSCs. The third transformation is the changes in the pace and importance of market differentiation and the proliferation of niche markets. Particularly relevant here are changes in consumption patterns. We argue that one outcome of these transformations is the emergence of TSCs as the most powerful actors in the global agro-food system.

David Harvey (1989) has characterized the global, political-economic, capitalist transformation from Fordism to flexible accumulation not as a new phenomenon but rather as a transition – a continuity. Fordism was characterized by “rigid long-term and large-scale fixed capital investments in mass-production systems that precluded much flexibility of design and presumed stable growth in invariant consumer markets” (Harvey, 1989: 142). However, by the mid-1970s both the capital-labor compact and market growth had begun to falter (O’Connor, 2001; Jessop, 2002), producing the need for new produc-

tion processes, markets, and patterns of consumption in order to maintain both corporate and national economic growth. It was at this time that the old Fordist system began to lose its hegemonic status and the idea of flexible accumulation first emerged.

Flexible accumulation is best defined as the “emergence of entirely new sectors of production, new ways of providing financial services, new markets, and above all, greatly intensified rates of commercial, technological, and organizational innovation” (Harvey, 1989: 147). For Harvey, the transition from Fordism to flexible accumulation indicates that the long-established contradiction and tension within capitalism – between the monopoly and competitive sectors and between centralization and decentralization of economic power – is being worked out in fundamentally different and new ways. Harvey argues:

For what is most interesting about the current situation is the way in which capitalism is becoming ever more tightly organized through dispersal, geographical mobility, and flexible responses in labor markets, labor processes, and consumer markets, all accompanied by hefty doses of institutional, product, and technological innovation (1989: 159).

In other words, capitalism is becoming both more geographically dispersed and tightly organized simultaneously. Consequently, new organizational forms and technologies have emerged. These have partially dissolved the old divide between monopoly and competitive capital. In some sectors, such as food and agriculture, larger retailers, with characteristics resembling both monopoly and competitive capital, are the most powerful actors.

Bonanno et al. have described the transition to flexible accumulation for the global agro-food system in the following manner:

In their struggle to survive, individual corporations and individuals have responded to technological change, to homogenization of demand accompanied by specialized cultural and niche requirements, in the world of competitive capitalism. In this process they have (1) sought cheaper sources of labor and land; (2) captured the benefits of improved technologies of transportation; and (3) whipsawed nation-states and localities into providing tax incentives and benefits, to satisfy their individual “bottom lines” – that is, their profits (1994: 15).

For food and agriculture, flexible accumulation has ushered in an era of new social relations between actors in the global agro-food system. New and different production practices, product diversification, markets, and patterns of consumption have emerged. At the same time, the historical patterns of concentration and industrialization have continued and possibly deepened (Buttel, 1997; Lockie and Kitto, 2000).

Within the global agro-food system, TSCs represent the large conglomerate “survivors” of the transition to flexible accumulation. They are now more transnational in their corporate constitution, multinational in their sourcing, international in their labor allocation, and global in their consumer marketing strategies (Barber, 1996).

The concentration of power in TSCs has given rise to perhaps the most significant transformation in the global agro-food system, namely the emergence of buyer-driven commodity chains.⁴ Unlike producer-driven commodity chains, in which large transnational manufacturers are the primary actors, in buyer-driven commodity chains large retailers are the prime actors. Gereffi elaborates:

This combination of concentrated buying power in the retail/wholesale sector and excess capacity in overseas factories has permitted the big buyers in global commodity chains to simultaneously lower the prices that they are paying for goods and dictate more stringent performance standards for their vendors (e.g., more buying seasons, faster delivery times, and better quality) in order to increase their profits (1994: 116).

Buyer-driven commodity chains, in turn, have produced further consolidation and concentration resulting in global oligopolies in many sectors of competitive capital. The emergence of buyer-driven commodity chains in the global agrifood system means that TSCs are largely determining the type and quality of food that most people consume, its cost, and how it is produced.

The development of global oligopolies in the retail sector has also changed the character of competition from a large number of relatively small producers to a small number of relatively large producers. Consequently, instead of lessening, competition has intensified in the retail sector as it has become increasingly oligopolistic (Gereffi, 1994). Most TSCs are able to procure goods at similar prices and are limited in the prices that they can charge by competitive pressures. Therefore, simultaneous with concentration in the food retail sector is the increasing differentiation of food and agricultural markets. Increased consumer pressure for more variety has also pushed TSCs to differentiate the marketplace for food (Goodman and Dupuis, 2002). The result is that while mass production of staple goods continues, niche markets and exotic goods designed for “privileged, higher income, highly educated, and well traveled professionals” have emerged (Friedland, 1994).

Today, market differentiation includes both the introduction of “new” kinds of foods, but also the addition of new attributes for “traditional” foods, such as quality, authenticity, and “goodness” of the production process. Friedland, examining fresh produce, has described the current process of market differentiation in the following manner:

What characterizes the new Fordist (or, more accurately, Sloanist) system of fresh fruit and vegetable produce production is standardization; mass consumption facilitated by higher incomes; the elaboration of food choices, i.e., great variety and possibilities in choosing foods to be consumed; and the differentiation of the market into a large number of subsegments, contrasting with the tendency toward homogenization that characterizes the mass market of less privileged consumers (1994: 220).

In other words, through market differentiation TSCs have sought to differentiate themselves, while also creating the potential for increased profits through value-added and other niche goods.

We assert that, given these new relations of food production and consumption, decisions regarding public health risks, food safety, and environmental impacts are increasingly determined by food retailers, particularly the leading TSCs of Wal-Mart, Carrefour, Kroger, Metro AG, Ahold, Albertson’s, Safeway, and Sainbury’s. Such a position supports Friedmann and McMichael’s (1989) argument that the transition from Fordism to flexible accumulation has enabled transnational corporations to play one country off another in their pursuit of profits and has hindered the ability of nation states to create sovereign policies regarding agriculture and food (cited in Constance and Bonanno, 2000). Now, not only are TSCs circumventing national regulations, but in a sense they are making their own, which are transnational in scope. We argue that the use of private standards by TSCs represents the latest institutional innovation aimed at further disciplining producers, suppliers, labor, and consumers as agro-food networks continue to become ever more transnationally dispersed. In the next section, the ways that standards and their uses are changing as the political economy of the global agro-food system changes are examined.

Standards

Standards are ubiquitous. Furthermore, “[b]y reducing the heterogeneity of the behavior of both people and things, standards make *both* capitalist markets and neo-classical economics possible” (Busch and Tanaka, 1996: 5, emphasis in original). From an economic perspective, standards have historically functioned as a mechanism to reduce transaction costs (Bingen and Siyengo, 2002; Reardon and Farina, 2002; Reardon et al., 2001). However, with the transition to flexible accumulation, new ways of using standards other than for measurement and communication have become increasingly common. Most importantly, standards have become an apparatus to create and maintain markets (Bingen and Siyengo, 2002; Reardon and

Farina, 2002; Reardon et al., 2001). Standards have also become increasingly privatized (Reardon et al., 2001). In other words, private actors (i.e., firms and consortiums of firms) are increasingly developing and implementing their own standards that are separate from public standards.

TSCs are now using standards as a mechanism to both restructure and control the global agro-food system. In examining food and agriculture, Reardon et al. argue that standards have become “strategic instruments of product differentiation, agrifood chain coordination, market creation and share growth” (2001: 6). In other words, TSCs are using standards to manage the global agricultural system. In regard to particular agro-food networks, TSCs are increasingly using standards to decide factors such as who are the producers, where is the location of production, and what are the conditions of production. TSCs are also using standards to develop new niche markets, such as organic, fair trade, free range, and goods that are locally produced. In these ways, standards not only define product attributes, but also production practices, handling requirements, and distribution.

The ongoing shift from public to private standards in the global agro-food system has also expanded the content of food and agricultural standards to include new attributes. Food and agricultural standards have been diversified so that they increasingly refer to all of the following attributes: “(1) quality (e.g., appearance, cleanliness, taste); (2) safety (e.g., pesticide or artificial hormone residue, microbial presence); (3) ‘authenticity’ (guarantee of geographical origin or use of a traditional process); and (4) the ‘goodness of the production process’ (e.g., with respect to worker health and safety, or to environmental contamination)” (Reardon and Farina, 2002: 414). On the one hand, the result is that food tends to be both safer and more diverse, while, on the other hand, producers must adhere to an increasing number of conditions, which often require additional labor and other costs.

Additionally, TSCs increasingly are developing a new kind of private standard, namely “process standards,” to which upstream actors must abide. In part, this is because many of the things now being standardized refer to specific processes and thus are not apparent in the final product. For example, fair trade implies that in the production of a good certain social practices are used. Such practices may not be apparent in the final product. As a result, retailers are developing process standards that dictate the terms of production and transportation in agro-food networks (Reardon and Farina, 2002; Reardon et al., 2001). This is an additional break with conventional food and agricultural standards, which operated largely at the level of product standards and specified attributes of the product itself.

Private standards are increasingly viewed as necessary as agricultural systems become more and more globally dispersed. Brunsson (2000) has observed that as net-

works extend to more participants and over greater distances direct oversight becomes increasingly difficult. Therefore, standardization of both products and production processes enables TSCs to coordinate and control the network from a distance. In the global agro-food system, standards are emerging as the dominant mechanism of control. It is also argued, by both researchers (Reardon and Farina, 2002) and businesses, that public bodies often do not have the capacity to set appropriate standards in all areas necessary and/or that public processes are too slow. It is further argued that “the demand for standards to define and regulate markets has outpaced the growth of supply of public standards” (Reardon and Farina, 2002: 415). From such a perspective, private standards are necessary, first to allow businesses and economies to operate, and second to protect consumers. Because private firms can react more quickly, it is argued that they are often able to protect consumers better than public bodies.

Part of the appeal of standards for TSCs is that relatively little public attention has been paid to them thus far. Schaeffer has remarked that “because much of the struggle over standards is intramural and conducted off-stage – not in the marketplace but in private or obscure public standard-setting institutions – it is not the object of scholarly research or public scrutiny” (1993: 74). Furthermore because of their scientific and technical character, standards are generally thought of as “objective,” “universal,” and “autonomous” and therefore as the purview of experts. However, Schaeffer (1993) argues, and we concur, that standards are also the outcome of social processes and, therefore, are always imbued with value judgments. Furthermore, Schaeffer argues that:

The adoption of one [standard] over another has considerable consequences for different producers and for the character of the commodity chain as a whole. This is why participants fight so fiercely over standards and attempt to raise their own standards as a standard for all. They are struggling, in a sense, to create a system of commodity production and exchange that is advantageous to themselves ... The struggle [over standards] is fierce precisely because it is not about “intrinsic” qualities, but about profit, market share, premium prices, consumer loyalty, and monopoly rents (1993: 74).

In other words, standards set boundaries, are always contentious, and are usually highly contested. Standards often designate some actors as winners, while others become losers. In the global agro-food system, it is TSCs that are increasingly the winners as, more and more, they control the making of standards and, thus, are able to use standards to control the production and distribution of food. In doing so, they are exerting control over the global agro-food system itself.

As standards increasingly move towards the backstage in the global agro-food system, public participation in standards-making in the future will most likely be even more absent. As a result, the public's role in agro-food networks is becoming largely that of consumers.⁵ Furthermore, increased concentration in the food sector is likely to limit the already marginal role that consumers have in decisions pertaining to food and agriculture (Marsden, 2000). In the next section, patterns of consolidation and concentration in the food retail sector are examined.

Competition and concentration in the food retail sector

The food retail sector in the US is characterized by intense competition. For example, profit margins are about one cent on each dollar of sales (Food Marketing Institute, 2002a). Competition has been further exacerbated by the increasing entry of non-supermarkets into food retail, such as hypermarkets like Wal-Mart⁶ and food away from home operations. The outcome, as Fox argues, is that the food retail sector has become "Darwinian" in that "food retailers are themselves at risk of being eaten" (2000: 22).

Empirical evidence indicates that the food retail sector throughout much of the world is becoming increasingly consolidated. "In 1992, the five leading food retail chains controlled 19% of US grocery sales. By 2000 the five largest chains – Safeway, Albertson's, Kroger, Ahold, and Wal-Mart – controlled 42%" (Caspers-Simmet, 2003: 2). From 1996 to 2000, approximately 3,500 supermarkets were purchased, representing more than \$67 billion in annual sales (Kaufman, 2000). In Europe, a similar trend towards increased concentration among food retailers is also evident. "In 1996, the top five supermarket chains had a total food market share of more than 50% in all but three countries (Spain, Greece and Italy)" (Dolan and Humphrey, 2000: 148). In Great Britain the six largest food retailers controlled 76% of fresh produce sales as of 1997 (Dolan and Humphrey, 2000).

Wholesale operators have also become increasingly consolidated. The number of mergers among grocery wholesalers has nearly doubled from an average of 20 per year in the 1970s to about 40 per year in the early 1990s (Connor, 1997). Furthermore, retailers are now either buying out or developing their own wholesale operations. By the early 1990s, "with a couple of exceptions, the top 50 retailers were fully integrated into grocery wholesaling" (Connor, 1997: 10).⁷ For example, Kroger, the largest US grocery retailer in 1990, "operated at least 24 grocery warehouses with nearly 10 million square feet of storage space" (Connor, 1997: 10).

Economies of scale are particularly important in the food retail sector because profit rates are relatively low.

In the United States, larger supermarkets are able to achieve larger profit margins. In fiscal year 2000–2001, "as a group, companies with revenues of over \$100 million were more profitable than those under that level. The overall profit level for the largest companies was 1.46% of sales, compared to .60% for companies with sales under \$100 million" (Food Marketing Institute, 2001). Furthermore, an increase in the actual size of supermarkets has paralleled the increase in the concentration of the supermarket sector. Store size increased by 10% in the 1990s (Food Marketing Institute, 2002b). Such trends indicate the likeliness of further consolidation among food retail operations.

To stay competitive, firms in the food retail sector need to continually innovate. Innovation in agro-food networks has occurred along two-axes: (1) reduction of transaction costs, and (2) market differentiation. First, firms have become more efficient through the development of new technologies that have reduced packaging, transportation, and inventory costs. Second, firms have tried to increase market share, or capture a particular market share, through strategies of market differentiation. For example, one buyer at a major British supermarket stated, "If we tried to compete against Wal-Marts on price, we'd lose" (quoted in Fox, 2000: 22). Market differentiation has become increasingly prevalent, as high levels of efficiency have been achieved in most agro-food networks. For example, in 2000, there were 16,390 new product offerings in supermarkets (9,248 food and 7,142 non-food) compared to 1980 when there were only 2,689 (Food Marketing Institute, 2002c).⁸

For some, consolidation and concentration in the food retail sector is producing a global agro-food system in which food is safer, labor conditions are better, and there are less negative environmental impacts (Reardon and Farina, 2002). First, in support of this trend, it is argued that concentration in the food retail sector produces economies of scale that enable retailers to have more bargaining power with food producers and suppliers. This enables retailers to procure food more cheaply, which translates into lower prices for consumers (Kinsey, 1998). Furthermore, for reasons of reputation and liability, which become even more important under oligopolistic conditions, it is in TSCs best interest to deliver foods that are safe (Roberts, 2000). Therefore, poor quality food and sub-standard producers will be forced out of the market, as TSCs will refuse to purchase food of poor quality. Second, it is argued that consolidation and concentration has shifted competition from price to quality, service, and price. This means that consumers now have a wider and more diversified range of goods to choose from. Concomitantly, control of large shares of the market has enabled TSCs to develop their own standards for food safety and quality and assurance schemes to ensure compliance to such standards. Not wanting to be the one left out, or to

develop a reputation for carrying foods of a lesser quality, TSCs have also begun to join together to develop collective private standards for food safety and quality. EUREP is one example of a collective effort on the part of retailers to ensure food safety and quality through the use of private standards.

Euro-retailer produce working group (EUREP)

EUREP began as a consortium of leading European retailers in 1997. It is a response to transformations in the global agro-food system that have taken place over the past three decades. First, with the transnational extension of agro-food networks, production conditions multiplied as different nations had different standards. Therefore, retailers could not guarantee the safety and quality of goods. Neither TSCs nor consumers were always aware of the quality of the foods that they purchased. Second, during the mid to late 1990s, the European agro-food system experienced a series of disruptions and shocks, most notable being the attempt to rapidly introduce genetically modified foods and the outbreak of Bovine Spongiform Encephalopathy. These disruptions and shocks elevated consumer concern regarding food safety and agricultural practices and reinforced the concerns of many new social movements concerned with health and the environment (Murdoch et al., 2000). Lastly, the transformation of the global agro-food system into a buyer-driven system that is increasingly controlled by retail oligopolies has enabled TSCs to control nearly all aspects of food from production to consumption.

EUREP was established with the purpose of standardizing the production practices for fresh produce. It has sought to accomplish this through the development of a single, private standard for the production of fresh fruits and vegetables, known as the Euro-Retailer Produce Working Group Good Agricultural Practices (EUREPGAP) standard. EUREPGAP primarily focuses on pre-farm gate practices. While the primary focus of EUREPGAP is food safety and quality, it also contains provisions on labor and environmental impacts. The standards established by EUREPGAP tend to be more rigorous and comprehensive than most existing public standards pertaining to fresh produce production and distribution.

Produce being sold by a member of EUREP must meet the EUREPGAP standard. In other words, if a producer or supplier wants to sell to any of the leading European TSCs they need to comply with the standards set by EUREP. To ensure compliance, EUREP accredits third-party certifying agencies, which then verify the compliance of individual producers, or a consortium of producers, with the EUREPGAP standard. Since the EUREPGAP standard has gone into effect in October 2001, more than 10,000

suppliers in 32 countries have been certified as EUREPGAP compliant (EUREPGAP, 2003).

Since its establishment, EUREP has opened membership up to other actors in the global agro-food system. It now has three categories of membership: retailers, suppliers, and associates. Associate members are agro-food firms that are neither retailers nor suppliers, such as consultants, certifiers, and agro-chemical companies. Consequently, EUREP now claims it is no longer a retailer-driven organization, but rather one that represents the interests of all the key stakeholders in fresh fruit and vegetable networks.

Furthermore, within EUREP, key committees now have members that consist of both retailers and suppliers. Two of EUREP's key committees – the EUREPGAP Steering Committee and the EUREPGAP Technical and Standards Committee – are made up of 50% retailers and 50% suppliers. These committees determine and approve the EUREPGAP standard, its certification system, and any amendments. Additionally, non-members, such as consumers, also can get information on EUREP and EUREPGAP via its website. In this way, EUREP argues that it is possible for the general public to participate in EUREPGAP.

EUREP argues that consumers, retailers, and suppliers all benefit from EUREPGAP. Consumers, the target audience, are reassured that their food is safe, of a certain quality, and is produced under certain practices. Retailers are able to solve problems associated with multiple standards emanating from different sources, which often vary significantly. A single standard developed according to their criteria enables retailers to coordinate and control production practices. Retailers can also use the strict certification requirements as a marketing tool. For example, in addition to claiming that the fresh produce they sell surpasses many government standards for safety, they also can claim that it was produced using fair labor practices and in an environmentally sustainable way. Select suppliers may also benefit. Suppliers who are able to comply with EUREPGAP will be able to gain large market shares as suppliers who are not capable of compliance are prohibited from selling to the TSCs in Europe.

While forms of private governance, such as EUREP, may produce a number of benefits, there are also a number of questions that need to be asked before such a system of regulation becomes the norm. If viewed from the backstage, two general questions become apparent regarding EUREP and EUREPGAP. First, are the various actors that are part of fresh fruit and vegetable networks equally represented? If not, whose interests are privileged, and what are the implications of this privileging? Second, have the new safety and quality standards introduced by EUREPGAP restructured vegetable and agricultural networks? And, if so, how?

Table 1. EUREPGAP Steering Committee members for 2001–2002.

Constituency	Organization	Country
Chair	Independent	Germany/UK
Retailer	Safeway	UK
Supplier	Lava Cvba	Belgium
Supplier	Chilean Fresh Fruits Ass.	Chile
Retailer	Superquinn	Ireland
Retailer	Waitrose	UK
Supplier	ANECOOP	Spain
Supplier	Assured Produce	UK
Retailer	Delhaize “Le Lion”	Belgium
Retailer	Coop Italia	Italy
Supplier	AGREXCO	Israel
Supplier	DPA: The Greenary	The Netherlands

Source: EUREP (2003).

Table 2. EUREPGAP Technical and Standards Committee members for 2001–2002.

Constituency	Organization	Country
Supplier	Bonnysa	Spain
Supplier	S.H.A.F.F.E.	RSA
Retailer	Waitrose	UK
Supplier	FEPEX	Spain
Retailer	Delhaize “Le Lion”	Belgium
Retailer, Chair	Albert Heijn, NL	The Netherlands
Supplier	APOFRUIT	Italy
Retailer	SPAR Austria	Austria
Retailer	FEDIS/DRC	Belgium
Supplier	APO CONERPO	Italy
Retailer	Sainsbury’s	UK
Supplier	Fyffes	USA

Source: EUREP (2003).

If we look more closely at the Steering Committee and the Technical and Standards Committee, we see that while retailers and suppliers have equal representation, there are other asymmetries in membership. Small suppliers and suppliers from less developed countries are not equally represented (see Tables 1 and 2). The Steering Committee has only two members who are from a less developed country, while the Technical and Standards Committee has only one member who is not from Europe or the United States. Clearly there is an asymmetrical relationship between retailers and producers, and industrialized and developing nations. Freidberg has observed that “supermarkets effectively set the bar for the UK market for African fresh vegetables, and producers hoping to stay [in] (much less break into) this market had to invest in meeting its quality norms” (2003: 102). Put differently, producers in developing countries have

become standard takers while retailers in industrialized nations have become standard setters.

The unequal power of suppliers vis-à-vis retailers is also evident in the EUREPGAP standard itself. The way EUREPGAP has been structured, suppliers are responsible for the costs of complying with EUREPGAP in terms of both technological and organizational upgrades and certification. For many smaller suppliers, compliance is too expensive (Freidberg, 2003). Consequently, smaller sized suppliers are being squeezed out of business or have had to reorient their products to other, often less profitable, markets. Suppliers who are able to meet the costs, however, are able to potentially gain larger market shares. The effect is that an increasingly consolidated retail sector is dealing with an increasingly consolidated network of suppliers. Clearly, large retailers and suppliers are benefiting, while small producers are in danger of disappearing under EUREPGAP. Therefore, because standards for food safety and quality have effects throughout the global agro-food system, evaluations of EUREPGAP need to go beyond just the question of whether or not it is producing safer food. They, also, need to consider the effects it is having on other aspects of the global agro-food system, such as small producers, rural communities, and the economies of developing nations.

Conclusion

This paper has argued that the development of private standards for such things as food safety and quality are not necessarily driven by concerns for what is best for the public. While the turn to quality is partially a response to consumer concern and therefore benefits the public generally, societal betterment is not its primary goal. Furthermore, whereas the interests of the public sphere and private firms might overlap and be similar at times, in most instances, such congruence tends to be the outcome of a set of different concerns. The development of private standards for safety, quality, and the environment is largely the outcome of profit maximization strategies and concerns over liability. Consequently, because corporate success is largely not based on a firm’s contribution to the public good, it is just as likely that there will be a disjuncture, and not a congruence, between the public and private spheres.

While it is still too early to fully know how backstage governance and the use of private standards will affect the global agro-food system, our analysis and preliminary evidence indicate that such a system will at best be contradictory in its effects. On the one hand, the development of private standards by TSCs and large processors has resulted in a number of improvements in food safety and quality. The use of private standards by

TSCs also has the advantage of being potentially more responsive and efficient than state regulatory agencies. On the other hand, backstage governance and the use of private standards may also reproduce and possibly deepen social and ecological inequalities. First, small producers, labor, and the lower classes will have to absorb many of the additional costs that might result from more rigorous safety and environmental standards. Second, a further bifurcation may develop where foods are increasingly segregated by class, with higher quality foods going to the more wealthy and lower quality foods going to the lower classes. Examples of where one or both of these effects have taken place include milk production and consumption in Brazil (Farina and Reardon, 2000; Reardon and Farina, 2002), fresh fruit and vegetable products in Africa intended for export to Europe (Freidberg, 2003), and to varying degrees, fresh fruit and vegetable products in Argentina, Brazil, Chile, Costa Rica, and Mexico (Reardon and Berdegue, 2002).

The move backstage and the use of private standards in the global agro-food system represent a potential shift of governance from the public sphere to the private sphere. Such a shift entails "a transformation of the institutions and mechanisms of participation, negotiation, and conflict-intermediation" (Swyngedouw et al., 2002: 110). Backstage, the actors involved, the interests at stake, and the decision-making processes are different than in public bodies. Consequently, standards developed backstage may differ from standards developed by the state and its various agencies. While, in some instances, private standards may work better than public regulations, in other instances, public regulations will be clearly preferable. Therefore, we see the relationship between public interests and private entities and the ways that private entities are able (or unable) to guarantee public interests to be pivotal questions for the future of the global agro-food system.

Our hypothesis is that as governance shifts backstage and the use of private standards becomes increasingly common, the character of participation in the global agro-food system is transformed. While systems of private governance have produced greater vigilance, opportunities for voice by the majority of the world's population have diminished (Busch, 2003). We find the loss of opportunity for participation quite disconcerting, especially in light of Busch's (2000) observation that "democracy is the only system of personal and collective self-determination that permits – indeed, encourages – the discovery of moral values" (2000: 148). If participation is an important social value, as we believe it is, then participation, not just in the form of formal voting rights, but in a stronger sense of "debate, dialogue, deliberation, and action" is fundamental for a global agro-food system that is socially and ecologically just. Therefore, questions such as who participates in deci-

sion-making practices on the backstage, and what the character of such participation is, and how such participation differs from the front stage are critical for beginning to understand the kind of global agro-food system that private governance systems will produce.

Participation by actors who are not TSCs, large processors, or large suppliers tends to be quite low in parts of the global agro-food system largely coordinated and controlled by systems of private governance (Busch, 2003). For most farmers, participation is minimal in systems of private governance, such as EUREP. While TSCs are able to audit up the commodity chain, farmers have little opportunity to audit down (Fox, 2000). Farmers also often bear the costs of new standards developed by TSCs (Fox, 2000). Additionally, systems of private governance are displacing public officials from having any direct involvement in the regulation of the global agro-food system. For example, much of food safety regulation is moving towards a system based on the idea of Hazard Analysis and Critical Control Point (HAACP),⁹ which, in many instances, delineates daily regulatory activities to producers themselves. Consequently, it transforms the role of government inspectors to largely paper clerks (Schlosser, 2001). Lastly, if governance is increasingly a private matter, it is also increasingly outside the purview of social movements and agricultural/environmental advocacy organizations.

The shifting of governance increasingly backstage, where participation is highly limited, raises the question of who oversees the backstage. One option being presented is that of consumers and consumption (DuPuis, 2000; Lockie and Kitto, 2000; Goodman and DuPuis, 2002). Several sociologists of food and agricultural are trying to bring consumers and consumption into analyses of the global agro-food system. Increasingly, consumers are being theorized as a source of power and form of resistance to the corporate control of the global agro-food system (Barham, 2002). It is argued that there is a "growing number of discerning consumers" who are "demanding 'quality' products" (Murdoch et al., 2000) and who are voting with their feet and wallet by not shopping at a particular retailer or boycotting a particular product. However, consumption as the basis and method for ensuring corporate responsibility has several limitations. First, choice in consumption is still very tied to class position. Consumer concern regarding food is largely the outcome of the emergence of class diets (Friedland, 1994). Second, consumer power in relation to TSCs is limited by their location outside of the decision-making process and at the end of agro-food networks (Dawson, 2003). This problem is compounded by the opaque character of private standards, which further limits participation and intervention (Caswell, 1998). Consumers also face a formidable opponent in the form of the public relations industry (Rampton and Stauber,

2001; Dawson, 2003). Lastly, it needs to be asked whether politicized consumers are reflective of the general population and whether they represent the public interest.

By highlighting the backstage influence by TSCs in the restructuring of the global agro-food system, we have raised a series of social and environmental justice concerns. While it is still too early to know the full effect that a system of private governance will have on the global agro-food system, our initial findings suggest that there is a strong possibility that such a form of governance for food and agriculture will further exacerbate inequalities in health, social welfare, and ecological conditions. Without a form of voice that is greater than the act of purchasing, there is no guarantee that the global agro-food system will be structured in ways that are socially and ecologically just. Thus, in concluding, we echo Buttel's twin observations that "the most important social forces that could provide a countervailing tide to a global integration of the agro-food system ... [are] social movements" (1997: 352), and that "under advanced capitalism the general achievement of sustainability must inherently be direct or indirect state regulatory policy" (p. 351). This is not to say that the state has done a particularly good job either at ensuring such things as social welfare, fair employment, and access to good health care and safe work and living environments. Nevertheless, in a state-centered system of governance, there exists the possibility for greater participation by the public. At the same time, while there exists the potential for a high level of participation in democratic states, a return to a state modeled on liberal theory is unlikely in most nations for the near future. Thus, we argue that a partial reorientation of social movements towards campaigns that target specific TSCs may also be necessary to provoke a more democratic restructuring of the global agro-food system.

Notes

1. For example, attributes such as "quality, safety, authenticity, and the goodness of the production process" have become the new areas of competition for transnational supermarket chains (Reardon and Farina, 2002: 414).
2. Fair trade is a developmental program aimed at generating fair wages, cooperative workplaces, consumer education, environmental sustainability, respect for cultural identity, and public accountability (Fair Trade Federation, 2005). Goods certified as fair trade are produced in ways that meet these criteria.
3. Within the sociology of agriculture there is a rich literature that has examined the transition to flexible accumulation and its implications (Bonanno, 1992; Bonanno et al., 1994; Constance and Bonanno, 2000).
4. Buyer-driven commodity chains are not limited to the global agro-food system. They have tended to emerge in competitive capital sectors, whereas producer-driven commodity chains continue to predominate (albeit in changed forms) in much of the monopoly capital sector. The textile industry is another well-known example of a buyer-driven commodity chain (Gereffi, 1994).
5. In rural sociology there is an emerging body of literature that argues that consumption is an important political activity. It contends that the role of consumers needs to be incorporated into understandings of the global agro-food system (DuPuis, 2000; Goodman and DuPuis, 2002).
6. For example, a decade after entering Mexico, Wal-Mart now captures half of all the country's supermarket sales (Smith, 2002).
7. "By 'full integration' is meant sole ownership of warehouses for produce, other refrigerated goods, and all other groceries except perhaps frozen foods, housewares, HBA items, and candy-magazine racks" (Connor, 1997: 10).
8. We recognize that increased product differentiation is not necessarily driven by supermarkets themselves, or even always in the supermarkets' best interest. However, supermarkets do have a degree of control over the introduction of new products in that they can decide whether or not to provide a new product with shelf space. Furthermore, we assert that as the supermarket sector becomes increasingly concentrated, the capacity of supermarkets to control product offerings increases.
9. HAACP is a system of regulation that identifies and establishes process standards for critical points in the production process. An example of a process standard under HAACP might be temperature requirements for certain sterilizing practices. Thus, what is monitored are the processes (i.e., water temperature) and not what is being produced (Henson and Caswell, 1999).

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