

### Private governance in the global agro-food system: a framework for analysis

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# Private Governance in the Global Agro-Food System

## A Framework for Analysis

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## **Introduction**

Global food and agricultural governance, or the norms, rules and institutions that have evolved at the international level to govern the production, trade, and marketing of food and agriculture, is being transformed as the food system has become more globalized and as corporate control of that system has become more concentrated. Traditionally the domain of governmental and intergovernmental actors, the governance of food and agriculture is increasingly being not just influenced, but also ‘created’, by corporate actors via private governance mechanisms, such as standards and corporate social responsibility initiatives. While the literature has paid considerable attention to the globalization of the agro-food system as such and has begun to look at the role of corporations in the system, empirical research on private governance institutions in global food and agriculture governance is only just starting to emerge. There is still a great deal about these private, corporate-led governance structures that must be examined. We must ask who participates in the privatization of food governance, and whose interests are being served, to get a sense of the legitimacy of these new governance structures. And we must also ask what the implications are of these new governance forms for environmental and social sustainability.

The objective of this paper is to develop a conceptual framework for an international symposium that aims to analyze the implications of the emergence of business-led private governance structures for both democratic legitimacy and sustainability. While the emerging literature on private food governance has focused largely on implications for food safety and quality in global food commodity chains, there is a need for a more political analysis of the legitimacy and accountability of such arrangements, as well as the broader sustainability implications. With respect to the implications of private governance institutions for the democratic legitimacy of food governance, the symposium will examine aspects of participation, transparency and accountability. In terms of sustainability, the symposium will investigate the impact of private governance institutions on food safety and quality, as well as their implications for environmental and socio-economic conditions, including farmer livelihoods and food security.

We start from the premise that the democratic legitimacy and sustainability of the global food system are fundamental preconditions for the well-being of societies world-wide. Democracy is a major political achievement. With the shift of political decision-making to the global level and to non-state actors, including corporations, the question of how to maintain basic

requirements of participation, transparency and accountability needs to be addressed. After all, private food governance structures are more than business practices companies use to organize their activities. They reflect rules and standards that have fundamental implications for the allocation of values and resources in society, the core business of politics. They embody the triumph of one rule or norm over other potential ones and may influence, replace, prevent or undermine public rules and norms. Accordingly, the fundamental question of how to create a level playing field, institute checks and balances on power, and ensure the accountability of those setting rules and standards in global food governance can no longer be neglected.

The sustainability of the global food system is relevant for different yet similarly fundamental reasons. Both food security and food safety need to be provided for individuals to be able to live healthy and productive lives. At this point in time, neither food security nor food safety is fully ensured. Almost 860 million people suffer from hunger and 6 million people die from malnutrition and contaminated food and water every year. Simultaneously, those areas of the globe, in which the provision of a sufficient quantity of food is not a problem, have suffered repeated food crises and health scares due to the spread of animal diseases and irresponsible business practices. Moreover, the global agro-food system in its current form is associated with serious environmental burdens such as soil erosion, greenhouse gas emissions, and accumulation of toxins in the soil from chemical use, as well as with the presence of risks such as the potential ecological and health impacts arising from genetic modification of food and non-food species. Since WWII, a number of public intergovernmental governance institutions have been created at the international level to address the global dimensions of these issues, including, for example, the Food and Agriculture Organization (FAO), the Codex Alimentarius Commission, or the Biosafety Convention and Cartagena Protocol. These institutions have only partially succeeded in their goals, as the ongoing existence of the above problems indicates.

Against this background, the increasing spread of private governance institutions is of pivotal importance. We urgently need to know to what extent these governance institutions can potentially help to improve the sustainability of global food governance and to what extent they are likely to worsen a situation that is already highly unsatisfactory. If private governance institutions are likely to help with some sustainability issues, but worsen others, we need to know which facets of sustainability are likely to trump others and which need

additional public governance efforts or adjustments in existing public and private governance institutions. Preliminary research suggests, for instance, that private standards tend to focus on bringing improvements to improve food safety for consumers in the North while pushing small and medium sized farmers in developing countries out of the market and paying little attention to ecological factors. This dynamic is also significant from a gender perspective as in most developing countries women are responsible for 60-80% of food production, i.e. they will be particularly affected.

The aim of this symposium, therefore, is to provide impetus for the pursuit of questions regarding the democratic legitimacy and sustainability of private food governance, questions we consider highly relevant, for the future of society. To foster a wholesome, safe, and environmentally and socially sustainable food supply, we need to achieve major gains in knowledge and understanding. This symposium aims to contribute to that goal.

### **Private Food Governance Mechanisms**

Today's global food governance is characterized by an increasing role of private governance structures and institutions (FAO 2006). These private governance mechanisms claim to ensure the safety and quality of food products as well as improve environmental and social conditions of the food system. There is a range of private governance mechanisms in the food sector, including corporate social responsibility initiatives (CSR) reporting, the adoption of codes of conduct (CoC), and the development and implementation of private standards. These are sometimes developed and operated in the context of public-private and private-private partnerships (PPPs), with corporate actors operating with other actors, including the state and non-governmental organizations. Some initiatives are wholly developed by corporate actors and can be seen as private, industry-led standards. The central feature of these various private governance mechanisms is that they set out principles and criteria against which company performance is measured and reported upon (Blowfield 2005). Large firms operating at various points along the food chain in the global agri-food complex were relatively slow to adopt voluntary measures for corporate responsibility (Action Aid International 2004) but have in recent years increasingly begun to participate in such efforts.

Corporate Social Responsibility efforts include measures to raise corporate awareness as well as reporting of business activities which touch on social, human rights, and environmental

themes. The idea is that such reporting will foster transparency, and ultimately improve firms' performance on these fronts (Gupta, forthcoming). Firms may undertake reporting on their own terms, or in accordance with the guidelines for such reports as set out by the Global Reporting Initiative (GRI). The GRI, established in 2000, is a set of guidelines that seeks to standardize CSR reports across firms to ensure completeness and comparability, and firms that adhere to these guidelines can be certified as having followed these guidelines. There are at present around 1000 firms that report in accordance with the GRI, and a number of these firms are in the food and agriculture sector. These include firms at agricultural input end of the spectrum, as well as those in the processing and retail ends of the global food and agriculture industry. Although a number of firms in the agro-food industry utilize these guidelines, there are some notable absences, such as Walmart, which follow their own format. The GRI is at present developing a sector specific set of guidelines for the food processing sector (see [www.globalreporting.org](http://www.globalreporting.org)).

Codes of conduct can be understood as written guidelines on the basis of which companies deal with their workforce, suppliers, state authorities and external stakeholders in their host country (Greven 2004: 142). Such codes are not necessarily 'certifiable', though in some instances they can be. One of the more general codes is the Global Compact of the United Nations, which was established in 1999 and when calls on participating firms to adhere to 10 key principles for good corporate behaviour, including social and environmental considerations. Firms must only promise to adhere to these principles to be considered as participants, and must also submit reports (such as GRI formatted reports) on a regular basis to maintain their participant status. There are some 4000 firms as participants in the GC, including a number of firms in the food and agricultural sector – from the input sector to the retail sector (see [www.unglobalcompact.org](http://www.unglobalcompact.org)). There are also some codes that are more specific to the food and agriculture sector. Some producers, such as Chiquita, have codes that deal with labour rights. In the agricultural input industry, for example, there are codes on the safe handling genetically modified organisms (currently being developed), as well as codes on the safe use of pesticides (see Clapp, *forthcoming*).

Private standard-setting is a more concrete form of CSR and CoC (Blowfield 2005) and this form of private governance has mushroomed in recent years in the food sector, particularly in the retail sector. Private standards are defined as rules of measurement established by regulation or authority (Jones and Hill 1994). Private standards tend to be voluntary in nature

and rely on various sorts of certification mechanisms to identify actors complying with the principles defined in the standard. Because these are often driven by corporations' desire to increase market share by tapping into a market that cares about a particular issue, Cashore refers to these mechanisms as 'non-state market driven' governance mechanisms (Cashore 2002). In other words, the standards, though set privately, are in a way 'governed' by the market, in that firms will want to adhere to them, and strengthen them, because being certified is crucial to maintain market share for products that can be guaranteed to possess certain characteristics or to come from certain production processes.

Standards are distinguished in product and process standards. Product standards refer to various characteristics embodied in the product itself, for instance quality or safety. Process standards refer to the methods by which the product was made (or in the case of food items, grown). Process standards specify the characteristics that the processes are expected to have, either to produce products with specific attributes (organic, safe) or create and maintain certain conditions for the environment, workers and so on (Reardon et al. 2001). Standards cover a variety of issues at all levels of the food chain ranging from food safety and quality, to environmental management and workers' rights. Examples of private standards in the food chain include the Global Food Safety Initiative, Global-Gap, International Food Standard and Ethical Trading Initiative. These standards are briefly discussed below.

The Global Food Safety initiative was initiated in 2000 by a group of international retailers and global manufacturers such as Unilever. With 52 members and 65% of worldwide food retail revenue it aims for consumer protection and the strengthening of consumer confidence. Furthermore, the initiative sets requirements for food safety and intends to improve efficiency costs throughout the food chain.

The Global Partnership for Good Agricultural Practice (Global-Gap) (known as Eurep-Gap until 2007) was developed in 1997 by a group of retailers belonging to the Euro-retailers Produce Working Group (Eurep). While initially only applying to fruits and vegetables, it now covers meat products and fish from aquaculture as well. Completion and verification of a checklist consisting of 254 questions is required in order to acquire certification. This checklist is divided into 41 "major musts", 122 "minor musts" as well as 91 recommendations ("shoulds"). Traceability and food safety are covered by major must practices while minor musts and shoulds include environmental and animal welfare issues.

The International Food Standard (IFS) is a standard developed for retailers and wholesalers to ensure the safety of own-brand products. It was initiated in 2002 by German food retailers from the HDE (Hauptverband des Deutschen Einzelhandels). In 2003, French food retailers (and wholesalers) from the FCD (Fédération des entreprises du Commerce et de la Distribution) have joined the IFS Working Group and have contributed to development of subsequent versions of IFS (version 4).

The Ethical Trading Initiative (ETI) finally, was formed in 1998. Its aim is to develop an agreed baseline code of conduct covering employment conditions among companies, unions and NGOs, and examining how systems of monitoring and verification can be established. As a UK initiative, its ultimate goal is to ensure that the working conditions of workers producing for the UK market at least meet international labour standards. Scholars note that the ETI should be distinguished from fair trade or alternative trade in that it does not only cover small producers and it does not carry a specific seal of approval, although companies can advertise it if they want to (Barrientos and Smith 2006). Rather, it is based on a company applying a code to its suppliers in the same way as it applies other conditions of supply covering production and product specification (ibid.).

Importantly, many of the standards are developed, operated and monitored in partnership either with public or other private actors. Public-private partnerships include collaborations between private and public actors in a particular policy area, such as the contracting of business actors to perform research or transfer of knowledge to specific policy fields. In the case of agriculture and food, examples of public-private partnerships include collaboration in the case of biotechnology and agricultural research and development (e.g. fertilizers, seeds, medication for animal health). In the US, for example, university-industry relations were fostered by the federal government through programs such as the 1980 Tax Reform Act which provided tax write-offs for industry funded university research and development on biotechnology (Kameri-Mbote, Wafula and Clark 2001). Next to public-private partnerships, private-private partnerships exist entailing the collaboration between business and NGOs, for instance in organic agriculture or fair and ethical trade initiatives, such as the ETI mentioned above.



With these private governance mechanisms, business actors increasingly are involved in the design, implementation and enforcement of rules and principles governing the global food system at various points in the sector from inputs to production to retail. As several critical scholars have noted, however, the knowledge we actually have about the impact of these standards and other mechanisms, especially in developing countries, is very limited (Blowfield 2005, 2007; Margolis and Walsh 2003). Much of the knowledge we have is based on few case studies and corporate self-reporting. With respect to Corporate Social Responsibility reporting on the part of food industry actors, however, there is concern that because the reporting is itself voluntary, that there is little sanction against firms that engage in practices that may lead to environmental or social harm. For example, a firm that engages in unsustainable activities may fail to report, or may report only partial information, or may fully disclose problems that have emerged. In any of these cases, there is no external mechanism to hold firms to account (Clapp, *forthcoming*). While the GRI guidelines for such reporting are becoming more explicit and specific in terms of expectations of reporting on the environmental and social fronts, there is no guarantee that firms will abide by them fully, and no public oversight in terms of ensuring that reported problems are actually rectified (see Clapp and Utting, *forthcoming*). Firms that flout the principles of the Global Compact, for example, face only minimal consequences.

Finally, private governance institutions also raise concerns with respect to democratic legitimacy. Scholars emphasize, for instance, that they potentially circumvent or undermine international law (Haufler 1999; O' Rourke 2003). Scholars also stress the preemptive character of private standards which allows companies to avoid harder and more binding state regulation (Beisheim 2004) and voice concerns regarding the lack of effective monitoring (Greven 2004). The need to scrutinize the sustainability and democratic implications of global food governance in its private form, then, is essential. We discuss these points in some detail below.

### **Implications for Democratic Legitimacy**

The increasing privatization of food governance has raised questions about democratic legitimacy. Private actors influence global food governance and generate rules and regulations that transcend national borders moving to spaces previously occupied by states (Schaller 2007). How can we evaluate the democratic legitimacy of private governance institutions?

Obviously any attempt to do so with traditional notions of democracy will fail as fundamental democracy requirements are violated. Private actors are not elected by a relatively homogenous *demos* to govern their affairs. Yet, food safety and quality, environmental and social sustainability are public goods and the practices followed by corporations in the food sector affect the lives of millions of people. Scholars propose then, different indicators for the examination of democratic forms of governance beyond the state. There is substantial agreement that such indicators should include the dimensions of participation, transparency and accountability (Porter and Ronit 2007, *forthcoming*; Schaller 2007). As we discuss below, however, it is not simple to define these terms (see also Fuchs and Kalfagianni 2007, *forthcoming*). Regarding participation, for instance, different perspectives for democratic legitimacy propose different participation criteria. Transparency too needs to be carefully defined. Is it transparency in terms of procedures or in terms of outcomes that is important for democratic legitimacy? Finally, accountability is similarly difficult, as it can be distinguished in accountability in terms of internal and external auditing of standards (an interpretation firms prefer to adhere to) or accountability of private actors to the general public (an interpretation that critics of corporations prefer). We discuss these issues in the context of private food governance in more detail below.

### *Participation*

Which criteria for participation should we adopt in the development (and monitoring) of private governance institutions? Different perspectives on democratic legitimacy provide different responses to this question. Here we examine the perspectives of input legitimacy, output legitimacy and deliberative democracy. According to input-oriented arguments, participation should include all the actors who are potentially affected to ensure their autonomy under law. Autonomy means that actors feel free under law even though constrained by it because it is them who have created the law in the first place. As such, autonomy presupposes equality as it is difficult to imagine freedom under law if it is not equally possible for all to participate in the positing of the law (Castoriadis 1997). Thus, from an input legitimacy perspective, participation is defined in terms of access of all relevant actors in the development of standards and equality among the actors in the decision-making procedures. Participation, however, can also be approached from a different perspective, one stressing the output side of the policy process. Such a perspective emphasizes the effectiveness of the specific governance institution in designing policies that promote the public good. The question of participation then becomes one that is determined by results.

Finally, in deliberative democracy central is the issue of stakeholders. Similar to the input legitimacy approach, participants should be those affected by the decisions. However, this approach pays particular attention to the quality of procedures too because it recognises that it influences the quality of the outputs. According to the deliberative democracy argument, procedures have the potential to form and transform the preferences and values of the relevant actors who determine the public good (Miller 1992, Phillips 1995). As such, the higher the quality of procedures, the higher the quality of the preferences themselves and eventually of the policy output (i.e. the public good) will be (Wolf 2002). In a deliberative democracy such procedures are discursive, in the form of uncoerced and unconstrained dialogue. From a deliberative democracy perspective then, participation is defined in terms of access to all actors potentially affected by private regulation and the deliberative quality of the decision-making procedures.

Regarding the standards presented as examples for private food governance earlier in this paper, participation differs in terms of access. Hence, the Global Food Safety Initiative and the International Food Standard restrict access to retailers and manufacturers. Participation is wider in the other two standards, however. Thus, Global-Gap also includes suppliers/producers in the development of standards. The Ethical Trading Initiative invites a wide range of stakeholders, including civil society associations. In terms of access then, multi-stakeholder initiatives fair better from input and deliberative democracy perspectives.

Even in multi-stakeholder initiatives, however, participation in developing countries is considered problematic and North-South inequities remain (Shcaller 2007). Moreover, the principles of equality and deliberative potential are not fulfilled most of the time. Indeed, it is extremely difficult to imagine unconstrained and uncoerced dialogue taking place among the various interest groups associated with food governance. After all, that presupposes a level of equality in resources, organizing capacities and reach that can hardly be said to exist between a transnational corporation and a small NGO, a transnational corporation and a small farmer or independent store, a small and a large NGO, and so on.

What about output legitimacy? If one adopts such a perspective can one really claim that multi-stakeholder initiatives, such as the ETI, are more effective than GFSI, for instance? The difficulty here is to define “effectiveness” and “the public good” in the context of global food

governance. Different stakeholders will define different aspects of the global food system as “the public good”. Thus, ETI would define effectiveness in terms of fostering workers’ rights, while GFSI would define effectiveness in terms of providing food safety. In a similar way, representatives of retail corporations and of environmental or development NGOs, for example, raise different demands towards private standards in general and therefore different benchmarks for their effectiveness. In consequence, there is no objective measure of the “effectiveness” of a private governance institution in providing the public good. Rather we can only define the public good and measure the effectiveness of its provision with respect to the definition and interests of certain publics. Defining participation in terms of output legitimacy then, is highly problematic.

### *Transparency*

Transparency is a fundamental condition for the democratic legitimacy of private governance mechanisms (Gupta, *forthcoming*). If private actors develop their own rules, then at least these rules and the procedures of developing such rules should be open to public scrutiny. The lack of transparency can render access, even in cases where it exists, meaningless by obscuring the real options actors can “vote” for. Transparency is not given, furthermore, if scrutiny refers to technical aspects of food production only, while society relevant aspects are left out. This is related to the exclusion of civil society in the monitoring and implementation of standards in most cases. Moreover, lack of transparency further restricts control possibilities which are already minimal as global political processes become more complex and it is difficult to determine who is responsible (Zürn 1998).

Do the standards described above provide transparency? To some extent the answer is positive. Information about the standards is provided on the web and certain documents are available to all. However, most of the documents related to the development and monitoring of standards are only available to members. In addition, information to the general public is only provided after decisions have been made. Finally, access to information from developing countries due to technological constraints is also problematic (Schaller 2007).

Moreover, transparency is provided only in a narrow sense, as most of the standards strive for food safety while obscuring other aspects of sustainability. In that context, transparency in the global food system relates to the ability to trace the history of a product backward and forward through the entire production chain from harvest through transport, processing,

distribution and sale. This process is important in order to ensure the accurate and rapid identification of product and process information up and down the chain and therefore, be able to eliminate or confine a potential food safety danger. In a broader sense, however, transparency also covers the normative concerns of various societal actors regarding the environmental and social sustainability impacts of food production, for instance. Normative transparency is important in order to help the various stakeholders make informed choices based on sound sustainability criteria. Regarding the narrow conceptualisation of transparency, the standards presented illustrate significant efforts towards an improvement of traceability and food safety. In contrast, attention to sustainability in a broader sense has been either minimal or incidental.

### *Accountability*

Next to questions of participation and transparency, finally, accountability is a crucial issue when it comes to democratic governance (Clapp and Utting *forthcoming*). Most of the standards presented here provide internal accountability as members need to report on their activities on a somewhat regular basis. Regarding external accountability, civil society participates only in the auditing of standards which cover social aspects, such as the ETI. At the moment, then, accountability with respect to most of the private governance mechanisms in the food sector is limited (see, for example, Clapp *forthcoming*). Moreover, it is questionable why environmental sustainability issues should not be monitored by governmental authorities or civil society as well. This is related to the technical discourse surrounding environmental issues limiting control to experts. The environment, however, is a social issue too as the lives of hundreds of thousands of people, including indigenous peoples, depend on a sound environment for their survival.

Regarding accountability to the general public, while public actors are not always superior as creators of governance institutions, it is on the issue of accountability that we find them in a clear advantage. Public actors (in functioning democracies) have to be accountable to more interests and criteria than private actors. With private governance institutions, accountability and mechanisms to ensure it are not predefined. Multinational business actors are at best only accountable to a fraction of the people affected by their activities (Zürn 2004). Moreover, accountability is difficult if not impossible to enforce for vague standards and CSR initiatives.

The same applies to many public private partnerships, such as those presented here, by the way.

Accountability to the people in a democracy differs from accountability to the people ruled by a non-democratic, potentially corrupt, government, of course. Thus, one may be inclined to argue that in the case of a lack of democratically elected and accountable public actors, private governance institutions will be able to provide a more legitimate form of governance. As long as these private governance institutions are not held to some standard of external accountability, however, such an assumption does not stand on firm ground. In terms of accountability, however, the questions arises: Accountability to whom? And how can those governed be provided with sufficient support to allow them to actually enforce this accountability in the context of huge information asymmetries and collective action problems?<sup>1</sup>

### **Implications for Sustainability**

The global food system and its governance also have important implications for the question of sustainability (see also Fuchs, Kalfagianni and Arentsen 2007, *forthcoming*). In a socio-economic sense, over half of the world's population is engaged in agricultural production. It thus provides a livelihood for a significant proportion of people on the planet. And food is a commodity that touches us all – we all eat, and thus are consumers of food – interacting with the sector either as producers of our own food, or the production of others. For these reasons food production and trade have important implications for socio-economic outcomes and, depending on their organization and distribution, can work to either enhance or detract from economic opportunities and social living conditions. Environmentally, agricultural production is intimately tied to the issues of soil, water, biodiversity and emissions to name a few.

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<sup>1</sup> In this context, a great difficulty in ensuring the accountability of private governance institutions is that many countries lack the institutions that foster “individual and collective agency” (Marquez 2005). In China, where many of the Western retailers open new stores, for example, collective action by workers is forbidden. In general, collective action through unionisation has declined considerably across the world, for instance. Research reports that it has dropped especially sharply in Latin America, with decreased levels of unionisation by almost 50 percent in Argentina, Colombia, Peru and Venezuela since 1980 (Sabatini and Farnsworth 2006).

Given the proliferation of private governance mechanisms in the area of agriculture and food, their effectiveness in fostering sustainability objectives becomes crucial. As we point out below, however, the impacts of private food governance on sustainability can be conflicting. In order to examine the implications of private food governance for sustainability broadly, it is useful to distinguish three dimensions of sustainability: food safety/food quality, environmental sustainability and socio-economic sustainability. Each of these three dimensions is crucial for the viability of any food system. As the food system becomes more global, and as private actors increasingly are engaged in its governance at the international level, we must examine each of these dimensions closely to get a better sense of the sustainability implications.

#### *Food Quality/Food Safety*

Food quality refers to attributes such as appearance, cleanliness and taste, while food safety on attributes such as levels of pesticide or artificial hormone residue, microbial presence on food, etc. (Reardon and Farina 2002). Scholars observe that private standards and other forms of supply chain governance for food safety and quality are rapidly increasing not only in developed but also in developing countries (Jaffee and Henson 2004; Reardon and Berdegue 2002). A prominent food safety and quality standard next to the Global Food Safety Initiative and the International Food Standard mentioned above, is the hazard analysis of critical control points (HACCP), which has become a norm in the food sector recommended by Codex and required by many governments (Fulponi 2006). Moreover, scholars observe that some private safety and quality standards are embedded in voluntary public standards at the national and/or international levels (ISO 9000) (Henson and Reardon 2005).

With the adoption of more stringent standards – both public and private - of food production, food safety has improved in developed countries over the years. In the Netherlands, for instance, a number of safety risks have been prevented (dioxin in 2004 and dioxin in animal feed in 2005). Similar incidents have been reported in Sweden and other countries. This improvement is however rather limited in scope as it mainly concerns prevention of unsafe products from reaching the consumer rather than prevention of animal diseases and other safety concerns from breaking out. Indeed, this latter concern is primarily related to the conditions of mass production that foster the development and outbreak of diseases.

The effects of the increasing introduction of private food standards become more ambivalent as we consider their implications for food quality in developing countries (and for the poorer sectors of society in developed countries, in fact). Optimistic observers note that higher standards for export markets can lead to spillover effects for domestic food safety in developing countries (Jaffee and Henson 2004). In addition, they point out that an emerging consumer class in developing countries is likely to place higher demands on food quality. More critical observers, however, report that emerging private standards (usually more stringent than public ones) lead to an increasing gap in quality between export and domestic food products, at the moment (Van der Griep et al. 2005). More research is required to build our knowledge of these developments, how the potentially positive and negative impacts weigh against each other, to get a better sense of the overall implications of privatized food safety standards.

### *Environmental Aspects*

Environmental and social standards indicate the “goodness” of production (Konefal et al. 2005). Here, process standards are more important than product standards. Organic production standards, for instance, include the forbiddance of conventional pesticides, artificial fertilisers, ionising radiation and food additives, or antibiotics and growth hormones for animals. Environmental and social standards play a marginal role within the mainstream private food standards outlined in the first part of this paper, but private actors are increasingly under pressure to improve at least their environmental performance.

It should be noted that the environmental standards promoted by business actors focus on selected elements of environmental protection or concern only a very small portion of production, and thus have a minimal impact on the overall environmental characteristics of the global food system. Tesco’s nature choice, for example, an integrated management scheme introduced in 1992, which sets a wide range of environmental standards<sup>2</sup> is endorsed by 12,000 suppliers only ([www.tescocorporate.com](http://www.tescocorporate.com)). Sainsbury’s Farm Biodiversity Action Plan which aims to promote biodiversity in farming and livestock covers merely 0.5% of the total agricultural land in the UK. In addition, as these standards are usually voluntary in nature, non-compliance does not constitute a threat to the supplier or reduce the incentive to

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<sup>2</sup> These standards include rational use of plant protection products, fertilizers and manures, pollution prevention, use of energy, water and other natural resources, recycling and reuse of material and wildlife and landscape conservation and enhancement.



“misbehave”. Concerns have also been raised regarding the effectiveness of private standards and industry-led governance mechanisms at contributing to environmental protection more broadly (e.g. Utting 2005). The voluntary nature of such standards, their often weak goals and the relatively small percentage of the total production they cover raises questions regarding their impact on the overall environmental characteristics of the global food system.

Environmental standards both at the primary producer and manufacturing levels are expected to gain substantial importance in the future as civil society becomes more committed to promoting sustainable development. Such pressures, if taken on in the context of private standards in the retail industry, will certainly affect methods of farming and their control methods. Environmental standards are also expected to affect food manufacturing practices with respect to energy and use of water, as well in packaging and distribution (Fulponi 2006). Private standards on these environmental dimensions in the food processing industry, however, are not yet very developed, and thus their impact thus far has been minimal in terms of leading to environmental improvements.

### *Social Aspects*

Social aspects of sustainability in the context of food governance cover a wide array of very complex issues ranging from workers’ rights to migration and rural livelihoods, gender issues and food security. In this context private governance claims to substitute for weak states especially in developing countries that lack the capacity (and perhaps willingness) to provide and enforce social safety nets. Social provisions, such as worker welfare but also gender non-discrimination and rules against sexual harassment, are included in mainstream standards (e.g. Ethical Trading Initiative) and companies’ codes of conduct (e.g. Chiquita Code of Conduct), albeit they play a secondary role compared to the current understanding of food quality. Even though the significance of such provisions cannot be denied, their scope is limited as they apply only to regular employment force. Much of the labor force in developing countries, however, is “flexible” working only seasonally or “informal”, comprising mostly of female workers who do unpaid job (Barrientos et al. 2001; Dolan 2005). Such limited scope of private social standards increases the gap between protected and unprotected workers (Barrientos et al. 2001).

Likewise, scholars observe that gender issues are insufficiently covered by mainstream standards. More specifically, standards fail to recognize the different priorities for female

workers stemming from the gendered nature of women's obligations to meet domestic and household commitments as well as their employment related responsibilities (Pearson 2007). To some extent this reflects the fact that codes are designed to ensure equal treatment of men and women and not the issues that affect women because of their reproductive and societal role (Prieto-Carron 2006). Such limitations, however, pose significant constraints for women as responsibility for family welfare and social provisions supporting reproductive work are crucial for them.

Moreover, private standards have several broader societal consequences which affect rural livelihoods, especially in developing countries. For example, the proliferation of private certification schemes is seen by many to be pushing small farmers out of the market, particularly those operating in the developing world, in favor of large agribusiness and food processors, also raising concerns for food security (e.g. FAO 2006; Hatanaka et al. 2005). Research reports that thousands of small dairy operations have gone out of business in the past five years in the extended Mercosur area, because they were unable to meet new quality and safety standards for milk and milk products that implied large investments in equipment and buildings and coordination and management (Reardon et al. 2001). Similar observations have been made for poultry operations in Central America (op.cit.). Likewise, NGOs point out that hundreds of thousands of peasants in Africa will lose their living by the implementation of particular private standards (Global-Gap) (ActionAid 2005).

In addition, capital concentration in the retail sector and the global expansion of the operations of the large retail chains are also threatening the livelihoods of smaller local retailers. With the increasing spread of the large retail chains to Eastern Europe and Asia, for instance, thousands of smaller, locally owned retail stores have been forced to close. This development also raises questions about the future operation of the organic food sector. Scholars, for instance, voice concerns over a trend towards the "conventionalization" of the organic sector which could counteract many of the sustainability benefits gained by small-scale, low-impact agricultural production (Knudsen et al. 2006).

Clearly then, there is a need for systematic analysis of the impact of private governance on sustainability (FAO 2006). A worsening of certain sustainability facets by private standards or the neglect of crucial sustainability aspects by CSR initiatives need to be addressed. In addition, inherent limitations of private governance institutions to foster sustainability

objectives also need to be examined. The symposium, therefore, will critically examine the implications of private governance institutions on sustainability to detect both positive and negative implications. Moreover, it will seek to identify strategies to reduce potential negative effects via public governance frameworks and institutions or the adjustment of private ones.

### **Contributions of the Symposium**

Following this depiction of the ambivalent implications of private governance for both democratic legitimacy and sustainability, it is clear that there is a strong need for much more systematic and comprehensive analysis of the role of private governance institutions with respect to agriculture and food, including the political dimensions of these developments. There is a need for a theoretical examination of the unique nature of the food and agriculture sectors and the role that business actors play in their governance. Furthermore, there is a need for empirical case studies that examine private-led initiatives and standards and their impacts. Therefore, the international, interdisciplinary research workshop, for which this framework paper has been developed, will explore the private food governance institutions and the challenges to democratic legitimacy arising from them.. In addition, it will examine their effectiveness in promoting sustainable development. With respect to both issues, the workshop will seek to identify potential problems and develop promising strategies for improvement. Specifically, we hope that the workshop will address the following questions as outlined above:

- What goals do private governance institutions in food and agriculture pursue? How effective and efficient are they?
- What are the implications of private governance institutions in the global agro-food system for democratic legitimacy, specifically participation, transparency, and accountability?
- What are the determinants of the implications of private governance institutions for economic, environmental, and social sustainability?
- How can potential conflicts between different efficiency and sustainability objectives and/or the democratic legitimacy of global food governance be reduced?

By providing a first set of answers to these questions, the symposium will serve to guide future research on the topic of private governance of the global agro-food system.

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