Actors in private food regulation: taking responsibility or passing the buck to someone else?
Havinga, Tetty

Veröffentlichungsversion / Published Version
Konferenzbeitrag / conference paper

Zur Verfügung gestellt in Kooperation mit / provided in cooperation with:
SSG Sozialwissenschaften, USB Köln

Empfohlene Zitierung / Suggested Citation:

Terms of use:
This document is made available under Deposit Licence (No Redistribution - no modifications). We grant a non-exclusive, non-transferable, individual and limited right to using this document. This document is solely intended for your personal, non-commercial use. All of the copies of this documents must retain all copyright information and other information regarding legal protection. You are not allowed to alter this document in any way, to copy it for public or commercial purposes, to exhibit the document in public, to perform, distribute or otherwise use the document in public. By using this particular document, you accept the above-stated conditions of use.
Actors in private food regulation: 
Taking responsibility or passing the buck to someone else?

Tetty Havinga

Institute for Sociology of Law
Law Faculty
University of Nijmegen
PO Box 9049
NL 6500 KK NIJMEGEN
The Netherlands

Paper for the Symposium on *Private Governance in the Global Agro-Food System*
23-25 April 2008, Munster Germany

Work in progress. Comments are appreciated at T.Havinga@jur.ru.nl.

**Abstract** In recent years, retailers and their organizations are playing an active role in food safety regulation. They initiated several private food safety standards and compelled suppliers of food products to comply with these standards. Which actors are involved in decision-making in this type of private food regulation? This question is important for problems of effectiveness, legitimacy and accountability. Several categories of private actors are distinguished based on their position in the regulatory arrangement. Private regulatory arrangements do develop in course of time; in different stages of their development other actors may be involved. Finally, we distinguish between direct (in person) and indirect (representation) participation in decision making. Some cases of retail-driven private food safety arrangements are examined.
Actors in private food regulation: Taking responsibility or passing the buck to someone else? Tetty Havinga

Introduction

Traditional command-and-control regulation by the state has been criticized for being ineffective, inflexible and neglecting the responsibilities of citizens and organizations. In food safety regulation, as elsewhere, alternative forms of regulation are being explored, such as self-regulation, co-regulation, management-based regulation and private systems of governance (Aalders & Wilthagen 1997; Braithwaite 1982; Coglianese & Lazer 2003; Furger 1997; Gunningham & Sinclair 1999; Hutter 2001:9-10). Many of these new forms of regulation are characterised by a mix of public and private organisations involved in rule-making, monitoring compliance, and enforcement. This transition from public to private regulation gives rise to important new theoretical and political problems of legitimacy, accountability and effectiveness (Van Kersbergen & Van Waarden 2001; Newman 2001) and challenges existing conceptualisations of regulation (Black 2002; Sinclair 1997).

In this paper I want to explore which actors are involved in decision-making in private and mixed forms of food regulation. This question is important for at least two reasons. First, private regulation is supposed to be better than traditional command and control regulation, that is, more effective at lower costs. Some of the assumed advantages of private regulation are based on the supposition that private regulation is self-regulation, regulating your own actions. Self-regulation is advantageous because requirements are based on everyday work and inside knowledge; this will prevent practical obstacles in implementation and application. Moreover it is supposed that ‘own’ rules will be accepted more easily and will have a higher level of compliance. However, most documented instances of self-regulation are not ‘pure’ self-regulatory because they are under some kind of surveillance of government agencies, e.g. in the field of environmental policy and safety and health policy. Moreover there is often the implicit threat of imposed government regulation in case this ‘associational’ self-regulation would become derailed (De Vroom 1990; Gunningham 1995; Gunningham & Rees 1997; Grant 1987: 189 ff.; Havinga & Jettinghoff 1999; Streeck & Schmitter 1985: 19-20).

Traditionally, private regulations are thought to originate from industry (industry association). Private regulations may also originate from an external organisation such as a powerful trade partner or a non-governmental organisation (Havinga 2006). The question is to what extent
are regulated firms involved in rule-making and monitoring? And what are the consequences of this?

A second reason for exploring the involvement of actors is the issue of legitimacy and accountability of the regulation. In particular, because some forms of regulation are not pure self-regulation, but regulation by private parties imposed on other actors, the question is how this type of regulation can be legitimized.

Participation of regulated industry in decision-making in the regulatory arrangement is essential and risky at the same time. From the perspective of effectiveness of the regulatory arrangement it is highly important that regulated industry has a say in the standards and their interpretation and application. For constructing trust in a regulatory arrangement however it is important that regulated industry is not too powerful. A regulatory arrangement were regulated industry monopolizes the decision-making process will be criticized for being in the interest of industry only, neglecting other interests. From the perspective of democratic legitimacy, next to the participation of all regulated industries, in particular the participation of other stakeholders such as consumer organisations or NGOs is vital.

**Actors in regulatory arrangements**

In analysing the involvement of different categories of actors in private regulation, three distinctions have to be made: categories of actors, phases of regulation and forms of participation.

Three broad categories of actors are involved in regulation: state actors, industry and third parties such as NGOs or civil society. However, for analyzing the involvement of actors in private systems of food regulation a more sophisticated categorisation of private actors is needed. For effectiveness and for legitimacy it is important to distinguish between private actors which are regulated (regulatees), private actors which are part of the production chain but are not regulated themselves by the regulation at hand such as suppliers and retailers, private actors providing services to the regaled industry such as certification and auditing business, and private actors outside the production chain such as NGOs and consumers. For this purpose we take all
state actors together as public actors such as national or European legislators, inspectorates, and departments.

In analysing the involvement of actors in decision-making in regulatory arrangements it is not only important to distinguish between different categories of participants, but also between the phases of regulation. Bernstein and Cashore (2007) showed for non-state market driven governance systems that political legitimacy is constructed in a three-phase-process with different relationships between the actors and participation of different actors. Bernstein and Cashore distinguish between the initiation phase, the phase of widespread support and the phase of political legitimacy.

Van Amstel (2007, p 71) distinguishes two forms of participation in the standardization process of an eco-label: direct and indirect. Direct participation is attending public hearings, suggesting changes in the labelling scheme and other forms of direct involvement. Indirect participation is being represented (by someone from your industry association or NGO) in a standardization body or advisory board. Direct participation is involvement in person, whereas indirect participation is being represented in the decision making procedure.

**Retail food safety arrangements**

In recent years, retailers and their organizations are playing an active role in food safety regulation. Retailers are making higher demands on suppliers with respect to production processes, product specifications and the use of raw material. Particularly big supermarket chains developed initiatives to commit their suppliers to strict food safety regulations and to harmonize food safety standards globally.

This process of globalization of retail-driven food safety standards for suppliers follows the pattern of bottom-up globalization of regulation. Some business change practice to solve a problem, others model this new practice, this results in globalization of the new standard of practice. As Braithwaite & Drahos (2000: 554) point out “rather than business practice following from norms and rules, often mechanisms of modeling delivers globalization of practice which is subsequently codified in rules”. Next to this bottom-up globalization there is at the same time a pattern of top-down globalization of food safety regulation in the Codex Commission and the European Union.
Retailers are increasingly powerful in the food chain. The market share of big supermarket chains has increased considerably because of mergers and concentration. A high proportion of groceries, vegetables, fruits, meat and dairy produce are sold in supermarkets. Suppliers are dependent on supermarket chains and have to comply with their requirements. (Boselie c.s. 2003; Grievink c.s. 2002; Marsden c.s 1997; Havinga 2006).

Retailers and their organisations have an interest in guaranteeing the safety and quality of food and they perceive a shared fate with manufacturers and concurring retailers: when consumers lose confidence in a particular product such as veal (BSE), this affects all firms in the product chain including the supermarkets, even if they are not to blame for the problem. The last decade big supermarket chains developed several initiatives to commit their suppliers to strict food safety regulations.

Retailers position themselves as protecting the interests of consumers and public health. Consumers are said to demand an absolute guarantee for safe food and retailers want to keep their customers satisfied. Retailers present an image of social responsibility in assuring food safety and regaining trust of consumers. Retailers have criticized national and transnational legislators and food industry for being too lenient and not taking appropriate action. What is the role of food industry and growers in this type of private regulation? And do consumers organisations, NGOs and governmental organisations participate in regulatory decision-making?

In answering these questions we will examine actor participation in some cases of private food governance initiated by retailers: British retail consortium and alternative retailers food safety standards, WorldGap, and the Global Food Safety Initiative. I rely heavily on information the private governance schemes themselves provide on their web sites.

**British Retail Consortium Global standard for food safety**

Fifteen or twenty years ago, food safety was not an important issue for most supermarket organizations in the Netherlands and probably elsewhere. At that time, Dutch supermarkets did not have food safety programs nor a food safety adviser or department. This changed dramatically since. In the 1990-s some supermarket organizations generated their own comprehensive quality assurance scheme including unexpected inspections at farms, gardens and plants (e.g. Tesco and Sainsbury in the United Kingdom, Albert Heijn in the
Motives to engage in this regulatory activity were twofold: to reduce risks and liability costs, and to inspire confidence to consumers. The British Retailer Consortium (BRC) started to develop a common food safety standard. The BRC standard of the British supermarkets contains comprehensive norms with regard to food safety and quality systems, product and process management, and personal hygiene of personnel. The standard applies to manufacturers of retailers own brand food products. The standard addresses part of the due diligence requirements of both the supplier and the retailer. The harmonization of food safety standards by retailers is supposed to have advantages for retailers as well as for suppliers.

“Work on the BRC Global Standard first began in 1996, when UK retailers realised that on the issue of food safety, there were many advantages to sharing experience and developing robust systems together. (...) The development of the BRC Global Standards was initially driven by the need to meet legislative requirements, but was quickly seen as having significant benefits to the suppliers of product to UK retailers.”

Retailers expected legal, technical and financial advantages. The standard was developed to assist retailers in their fulfillment of legal obligations and protection of the consumer. Retailers have a legal obligation to take all reasonable precautions and exercise all due diligence in the avoidance of failure. This includes the verification of technical performance at food production sites of retailer branded products. The aims of the BRC Global Standards are to improve supplier standards and consistency and avoid product failure, to eliminate multiple audit of food manufacturers, to support retailer objectives at all levels of the supply chain and to provide concise information to assist with a due diligence defense. The standard is regularly reviewed, issue 5 of this standard was published in January 2008. The name of the standard has been changed to ‘Global Standard for Food Safety’. In a private food safety certification scheme like BRC, the costs of inspections and certification are for the supplier (and not for the retailer). In an interview one of my respondents said:

---
2 The most recent version of this standard is ‘BRC Global Standard for Food Safety, issue 5’ 2008, http://www.brc.org.uk.
3 www.brc.org.uk/standards/about_background.htm (2005-02-18)
4 www.brc.org.uk/standards/background.htm (2004-06-21)
“The British retailers presented a system with the supplier paying the audit and the retailer receiving a specific report without paying a penny.”

For supermarkets it is much cheaper and easier to require suppliers to comply with a food safety standard than to maintain your own quality assurance system. Some respondents commented that supermarkets first required their suppliers to implement a food safety system, while not implementing similar measures in their own supermarket organisation. The succession of BRC standards illustrates this. In 1998 the first standard was introduced, the food standard for manufacturers of own brand foods. In 2002 a the Packaging Standard was published, followed by Consumer Products standard in 2003 and finally the BRC Standard Storage and Distribution in 2006. The last standard addresses ‘companies storing and/or distributing food, consumer goods and packaging materials’. This is the only Standard that is applicable to retail-organisations storing and distributing products. The first three standards applied to suppliers of retailers, not to retailers themselves.

The first issues of the BRC Food standard seem to be developed by retailers only. A director of a certification agency regarded it an important disadvantage the BRC standard is formulated without consultation of the food industry.

“BRC is a pure retail initiative. It was never communicated and attuned to other parties. (...) If you want to use certification as an instrument to regulate the market, you should consult market parties. In case of a one-sided imposed regulation, industry could say: we will not do that. Well, they cannot because the other party of course is very dominant in the market. So they will have to comply. But, I doubt if this procedure makes a good document. Involvement of all parties increases the social support and market parties will more easily join in.” (interview 2005)

Over the years other stakeholders became involved in setting the BRC standard (perhaps due to requirements of the Accreditation council). The British Retail Consortium states that representatives from major retailers, manufacturers, certification bodies, United Kingdom Accreditation Service (UKAS) and trade associations contributed to the standard that was developed ‘under the leadership of the BRC and its members’. The website of BRC does not

5 www.brc.org.uk/standards/default.asp?mainsection_i=1&subsection_id=1 (28-3-2008); similar but not mentioning UKAS and major retailers: www.brc.org.uk/standards/about_background.htm (2005-02-18)
provide information on the members of the Technical Advisory Committee and the Standards Governance and Strategy Committee. It is clear however that the BRC still has a decisive voice. The standard is still owned by the British Retail Consortium.

The BRC standard is not only important in the UK, also retailers in other European countries and worldwide accepts suppliers who have gained certification to the BRC global standard. However, the BRC standard did not succeed in becoming the only or most important global standard.

Food standards from German, French and American retailers
The German retailers from the HDE (Hauptverband des Deutschen Einzelhandels) choose in 2002 to define their own standard, the International Food Standard (IFS). It may have contributed that German (and other) retailers did not succeed in influencing the BRC standard. A comparative analysis of the differences between the BRC global standard and the International Food Standard, notices a cultural difference between Germany & France and the UK: For UK retailers the main drive for third party auditing is to cover due diligence defense and ensure that suppliers maintain appropriate control. For French and German retailers the main drive is to have a uniform and comparable high quality and transparent audit report (that this constitutes an element to defend themselves is seen as a consequence). In 2003 the French retailers from the FCD (Fédération des entreprises du Commerce et de la Distribution) joined the IFS Working group, which resulted in a revised version of this standard. The IFS is currently owned by the German and the French associations of supermarkets.

The IFS Working Group is the deciding organ. At the start the Working Group members were German retailers, since 2003 German and French retailers. The Working Group receives recommendation from the Review Committee. ‘This Review Committee shall be formed with

---

7 On behalf of the HDE and FCD the HDE Trade Services GmbH was assigned to take over the administration of the IFS. It cooperates with the Working Group and the representatives of the HDE and FCD. (http://www.food-care.info/index.php?SID=e4217d08cec4e96a9aff73f3e71a65e5&page=home&content=interne_organisation 17-04-2008)
all participants involved in the audit process this includes the members of the Working Group (retailers), representatives of the industry and certification bodies.’

The American supermarkets decided not to develop their own food safety standard, nor to join a standards owned by platform organizations of European retailers. Instead, at the request of its retail members in 2003 the American Food Marketing Institute acquired the Australian food safety standard SQF. The Safe Quality Food certification program was developed in 1994 and formerly owned by the West-Australian Department of Agriculture. The Department of Agriculture aimed to enhance the international competitiveness of West-Australian agricultural industries by working with them to meet the increasingly demanding standards for safety and quality of food and fibre products. At the moment, I do not know why they sold the SQF to the United States.

The Food Marketing Institute conducts programs in research, education, food safety, industrial relations and public affairs on behalf of its 1,500 members (food retailers and wholesalers). Membership represents three-quarters of all retail food stores in the US. International membership includes 200 companies from over 50 countries. The current SQF Technical Committee is to review the SQF Codes (standards) and ‘will include representatives from throughout the food supply chain to ensure an open and transparent process for all stakeholders.’ This suggests a less retail-dominated committee than BRC and IFS. However, the members of the Technical Committee are 9 retailers, 2 restaurants/caterers, 2 food manufacturers and 4 other technical experts. The conclusion is that retailers are in the majority in this advisory committee, and probably even more in the SQF Institute that formally decides. Food manufacturers have a small voice, consumer organizations are not represented at all. Ten out of 17 members are from the USA (2 Australia, 1 from UK, South Africa, Canada, Belgium and Singapore).

The actors participating in the SQF scheme changed completely by the transfer from the Western Australian Department of Agriculture to the US retailers platform FMI.

---

10 [www.fmi.org/about](http://www.fmi.org/about) (11-04-2008).
11 SQFI Notice no 1, The SQF Program under FMI, 1 september 2003 (2005), p 1
12 [www.sqfi.com/committees_members.htm](http://www.sqfi.com/committees_members.htm) (28-3-2008)
Another retailer initiative in food safety governance is EurepGap.\textsuperscript{13} Eurep (European Retailer Produce Working Group) was established by European retailers in 1997 to promote food safety. British retailers and supermarkets in continental Europe were the driving forces. This initiative resulted in the EurepGap protocol for fruit and vegetables. EurepGap norms include more issues than the BRC standard such as occupational health and safety and animal well-being. Market-gardeners and their organizations can be certified for EurepGap.

In contrast with the retail food safety standards BRC, IFS and SQF, a new organization was established not part of or associated with existing retailers organizations. After 10 years the Board decided to change its brand. EurepGap has become GlobalGap to reflect its expanding international role in establishing Good Agricultural Practices mutually agreed between multiple retailers and their suppliers. GlobalGap is a private sector body that sets voluntary standards for the certification of agricultural products around the globe.

In 10 years time EurepGap developed from a retailer initiative to an equal partnership between retailers and agricultural producers to GlobalGap. In 2001 it is said: ‘the organization is no longer driven by the retailers and has developed into a much more democratic organization that makes decisions that are in the best interest of the entire supply chain and ultimately the consumer: it has become a supply chain partnership.’\textsuperscript{14} Both the Steering Committee and the Technical and Standards Committee are established in 2001 and have 50% retailer and 50% grower representation. Both Committees are constituted by EurepGap members; members are elected by closed ballot of current retailer and supplier members, each constituency electing their own representatives. Next to retailers and suppliers/growers there are associate members from the input and service side of agriculture, they are not part of the EurepGap decision making process. June 2003 EurepGap had 22 official European retail members, and 87 grower members (59 European, 9 African, 8 Asian, & American and 4 Oceanian). In 2008 Globalgap still has these three different types of memberships: 37 retail and food service members (European except for one Japanese), 140 producer/supplier members (36 from outside Europe) and 113 associate members such as certification bodies, consulting and crop protection industry.\textsuperscript{15} Members have active participatory rights, they participate in standard setting and decision making and have a say in the approving procedure of benchmarking other standards. GlobalGap ‘firmly believes in local multi-stakeholder support and adaptation for

\textsuperscript{13} EurepGap stands for ‘Euro retailer produce working group Good agricultural practice’.
\textsuperscript{14} www.eurep.org/sites/q_and_a_general_questions (exact date unknown- probably autumn 2002)
\textsuperscript{15} www2.globalgap.org/members (19-2-2008)
GAP standards.’…. For this purpose National Technical Working Groups are established. To ensure global acceptance GlobalGap actively engages with many different stakeholders and welcomes proposals and recommendations from all relevant parties into its standard development. With the establishment of a Certification Body Committee to provide technical feedback from audits and discuss implementation issues. Small-scale farmers are often faced with more difficulties to fulfill the requirements. Globalgap has implemented three approaches to facilitate small farmers: group certification, smallholder manual and extra feedback opportunities.

Global Food Safety Initiative
In 2000 a group of international retailers started the Global Food Safety Initiative (GFSI) in order to agree on globally accepted food safety standards. By now, four food safety standards have been benchmarked to be in compliance with the GFSI Guidance Document. Three of these benchmarked standards are owned by retailer organizations (BRC, IFS, and SQF). The mission of GFSI is to strengthen consumer confidence in the food they buy in retail outlets. In short, the GFSI wants a simple set of rules of standards, harmony between countries and save money for suppliers.

January 2003 the GFSI Taskforce, a retailers network of food experts was open to all retailers worldwide and consisted of 52 members, all retailers. In 2004 the list counted 46 retailers, mainly from Europe (32) and North America (9). At that time there were ad hoc meetings from a separate stakeholders group from suppliers, certification and accreditation bodies, and standard owners. The GFSI Yearbook 2004 says that GFSI aims to involve suppliers more in it decision making process in the future, contractual relations will be established with the owners of benchmarked standards and an annual meeting with standard owners.

January 2005 the Board of directors had 6 retail members predominantly from Europe. In 2008 the GFSI Foundation Board still is a retailer-driven group, but 2 manufacturer advisory members are added to the retailers and the Board has members from Europe (5), USA (3) and China (1). September 2006 the GFSI Technical Committee replaced the GFSI retailer only Task Force. Membership is on invitation, currently (2008) 50 organizations participate in the committee. Only 17 are from retail; 18 from certification bodies, standard owners or

---

16 The Global Food Safety Initiative Benchmarked Standards: British Retail Consortium, Dutch HACCP, (German/French) International Food Standard, and (American/Australian) SQF. Three of these standards are owned or established by retail-organisations. NZGap is also mentioned as benchmarked standard.

17 Global Food Safety Initiative, Year Book 2004 (www.ciesnet.com)

18 Other members from South Africa(2), Singapore, Israel and Australia.
accreditation organizations and 10 food manufacturers. Most members are from European countries (41) or USA (10).\textsuperscript{19} Stakeholders are invited to participate through annual meetings; this is open to ‘any interested party that would like to have a voice in the GFSI structure’. Retailers are in power in the board, but not in the technical committee. For retailers participation has become less direct (not every retailer can join the board or technical committee), indirect participation of manufacturers and the certification industry in the technical committee and direct participation through annual meetings for all actors.

**Conclusions**

The cases show great variety in the development of a private food regulation. From regulation originated from one retailer it evolved to regulation of the united retailers, monitored by independent certification and inspection organizations. National private certification schemes cross borders and become global or transnational. Food safety regulation by retailers, until now, is limited to private brands and fresh foods, leaving other food products out of the scope of the regulation.

From all studied retailer initiatives, EurepGap is the only one that developed in a not-retailer dominated private food governance. In course of time BRC and IFS did include some opportunities for other parties to participate, but retailers firmly stay in charge. Apparently, there are forces making exclusively retailer-led food safety schemes to include also other relevant parties notably producers (manufacturers or growers) and certification organizations. In the SQF case, an Australian governmental (voluntary?) program was taken over by American retailers. This take-over resulted in an almost complete replacement of participating actors. The Australian program was not directed by or at retailers (as far as I know). In this case the initial actors withdraw from the regulation, as was the case in the Marine Stewardship Council (initial actor Unilever retreated).

Retailers like to present themselves as very social responsible companies pursuing the interests of consumers. However, the retailer food safety regulatory arrangements do not arrange participation from consumers or their organisations. Only Global Food Safety Initiative allows any interested party to participate through annual meetings. Some eco-labels (milieukeur, Demeter) allow active participation of consumers (Van Amstel 2007: 73)

\textsuperscript{19} Members from Japan, Hong Kong, South Africa. 54 members from 50 organizations.
The cases show retailers setting up regulations for producers (not self-regulation). This is an easy and cheap way to assure food safety, much cheaper than an own assurance system. Besides, the retailer is able to pass on responsibility in case something goes wrong. Being social responsible would be apparent from developing food safety and quality programs for retailers first or together with programs for suppliers. The food safety standards BRC, IFS and SQF are forced upon producers of own-branded products (not on all suppliers). This indicates that retailers embarked on this, not primarily because retailers are social responsible, but because they needed to get hold of the quality and safety of own-brand products. This are not cases of retailers acting social responsible, but retailers passing the buck to producers. A cultural difference between the UK and Germany/France was suggested. This paper does not provide information to conclude whether this is a difference in actions taken or only another presentation.

WorldGap is most open over its internal structure. Retailers as well as growers working with WorldGap certification can join the club, choose members of the committees and participate in decision-making. WorldGap is probably the most democratic of the described private food regulations. WorldGap is also the only scheme were some organizations of growers from developing countries participate and that includes animal welfare and labour conditions. EurepGap did very well, it expanded over the world, became a widely accepted standard required by many supermarkets and included other agrarian products next to the original fruits and vegetables. However, not only Eurepgap did well. BRC standards also expanded. So becoming more democratic is not a prerequisite for growth.

A final word has to be said on private food safety standards as voluntary standards. One could argue that compliance with a private standard is voluntary. A food producer is not legally obliged to comply with a private standard. However, market forces do force compliance. In many countries such as UK, The Netherlands, Germany, France all major retailers require certification of suppliers. A food producer or grower that lacks certification will be economically sanctioned. Major parties will not buy his products anymore. Purchasing power of supermarkets makes retail food safety standards obligatory for all who want to stay in the market. For retailers it is most important to assure against all possible risks leaving the costs for the regulated suppliers. This makes participation of manufacturers and growers in decision making in food safety standards particularly important to safeguard against ever rising requirements. Food safety regulation shows expanding expectations. Both private and public
food regulations extend their scope and aims, not only UK but Europe or world, not only safe food but also sustainable, animal welfare.

References


