Production Relations under GLOBALG.A.P: The Relative Influence of Standards and Retail Market Structure

Rebeka Tennent* and Stewart Lockie

Abstract

Retailer-led food standards are playing an increasingly important role in determining market access globally. These standards are generally interpreted as a mechanism by which retailers have increased their capacity to co-ordinate and control upstream actors, including farmers and processors. Taking an actor-oriented approach to determine the various ways in which a group of farmers respond to retailer-led standards, this study presents empirical detail on the impacts of compliance with retailer-led standards, including GLOBALG.A.P, on an Australian citrus growers’ co-operative. This study found that while GLOBALG.A.P and similar standards are indeed de facto mandatory requirements for fruit producers, it was not certification to GLOBALG.A.P alone that led to relationships of dependency between producers and retailers. The oligopolistic structure of the retailing sector was found to be equally problematic for producers. This suggests that while GLOBALG.A.P constituted a novel form of value chain governance, it was not a defining feature of the food production system in these chains.

Introduction

In 1899 Kautsky famously questioned whether the spread of agricultural capitalism would necessarily lead to the expropriation of land from the peasant class (see Banaji 1980). At the time, agriculture was facing the growth and integration of global markets driven by the expansion of leading economies, changing tastes, advances in shipping technology, and an inability to match demand with supply (Watts and Goodman 1997). Almost 100 years later the agrarian question re-emerged as a core concern of agrarian political economy as scholars attempted to reconcile the persistence of family farming with deepening processes of globalisation and trade liberalisation. While some argued that the unique division of labour characterising family farms made them more competitive than large-scale capital even within the parameters of a transnationalised...
economy (Friedmann 1986), others suggested that family farms would progressively relinquish their control over production processes through dependence on off-farm capital for technological and capital inputs (Goodman et al. 1987). At the same time, family farms would continue to absorb the major risk burden associated with climatic and market variability (Davis 1980).

More recent debate over the proliferation of retailer-defined food production standards has been framed in remarkably similar terms. GLOBALG.A.P and similar standards encompass a broad range of production parameters including those relevant to food safety and quality, worker health and safety, animal welfare and environmental management. They are argued to be so pervasive as to constitute a defining feature of modern food production systems (Gereffi et al. 1994; Busch and Bain 2004; Burch and Lawrence 2005; Reardon and Flores 2006). The dominant interpretation of retailer-led standards has been as a mechanism through which retailers are able to co-ordinate and control upstream actors – including farmers and processors – while increasing the responsibility of these actors to absorb risk (Henson and Hooker 2001; Busch and Bain 2004; Hatanaka et al. 2005; Henson and Reardon 2005; Arce 2009; Bahlmann and Spiller 2009). However, some scholars have also argued that assertions about the power of the retailing sector may be overstated. They point out that a broad range of actors – including civil society organisations, exporters and farmers – are using production standards in pursuit of their own strategic goals (Campbell and Le Heron 2007; Harvey 2007; Bain 2010). In light of these competing interpretations, it is pertinent to recall major criticisms of late twentieth century debates over the agrarian question. Marsden (1991), for example, argued that political economy should focus on relations, rather than forms, of production in order to replace ahistorical and deterministic theoretical arguments with analyses of the specific social practices that lead to the development and maintenance of exploitative power relations. Long et al. (1986), however, argued that even as the political economy literature began to shift its focus from forms to relations of production, the balance of power in production relations was generally assumed to favour off-farm capital to such an extent that on-farm production was effectively subsumed and little attention was paid to the agency and role of family farmers in shaping variable patterns of agrarian development (Long et al. 1986). If we accept Long’s argument, it follows that even if production standards such as GLOBALG.A.P have become a defining feature of contemporary relations between the producers, processors and retailers of food, the dynamics and implications of these relationships may take a variety of forms. This article thus employs an actor-oriented case study approach to explore in detail the responses of farmers to private standards and thus to identify the extent to which one group of farmers have been able to strategise to counteract some of the influence sought by retailers.

The rise of an oligopolistic retail sector

Prior to World War II the agri-food sector was a producer-centric network in which manufacturing firms were also highly influential and retailers served their marketing needs (Friedmann and McMichael 1989; Gray and Lawrence 2001; Burch and Lawrence 2005). Production was centralised and often highly regulated. Although a
number of large agribusiness corporations existed, these were mostly geographically concentrated processors (Bonanno 1998). Market globalisation, underwritten by international trade agreements in the post-World War II period, combined with international competition for the investment and decentralisation of finance, led to increased competition between dispersed labour markets, regulatory environments and resources, prompting agribusiness corporations to search out the most convenient factors of production (Bonanno 2004). Unlimited by country of origin and able to benefit from lower trade barriers, international foreign investment and decreased government intervention in labour markets, many corporations began to organise production chains at a global level. This meant acquiring firms, establishing affiliates or forging strategic alliances internationally. For retail, extensive consolidation edged the industry towards an oligopolistic market structure and fuelled exponential growth in the number of transnational corporations. In the UK, for example, three-quarters of all supermarket purchases are now made in four key retail chains (Lawrence and Burch 2007). In the USA the market share of the top five retailers increased between 1996 and 2006 from 26 to 48 per cent, while in Australia the top two retailers currently maintain a market share of 79 per cent (PWC 2007). On a global scale, the top ten food retailers control 24 per cent of the estimated US $3.5 trillion global food market (Clapp and Fuchs 2009) and, in 2009 the largest corporation globally was retail giant Wal-Mart Stores.

Increased concentration among international retailers does not necessarily translate to greater power over the supply chain. As Clapp and Fuchs (2009) point out, multiple facets of power should be examined before equating market share with corporate power. They suggest assessing several facets of power including instrumental power, which they define as ‘the imposition of limits on the range of choices given to actors’ and structural power, defined as the replacement of state and global institutions in making governance decisions (Clapp and Fuchs 2009, p. 8).

Price competition in the retail sector has increasingly been supplemented over recent years by competition over a range of qualities including year-round supply, consistency, variety and convenience (Fulponi 2006). Fulponi (2006) argues that the growing absolute and relative size of retailers, combined with greater visibility and responsibility to consumers and increased buying power through concentration, has increased the retailers’ ability to impose specific requirements on upstream suppliers without bearing ownership or direct financial risk (Fulponi 2006). One of the primary vehicles for this imposition of requirements has been various forms of quality assurance standard. While individual standards may have differing and quite specific goals, broadly, the motivations for the development of retailer-led standards are based on the need to minimise supply chain risk and allay a host of government and consumer concerns. In this context, structural power is demonstrated by retailers in the establishment and implementation of rules and procedures for exchanges within their supply chains (Fuchs 2007). GLOBALG.A.P, established by a group of retailers and effectively required for any suppliers to the EU market, is just one of a growing number of examples. Australian retailers similarly have developed standards that their suppliers are expected to certify to and comply with, though these have tended to be individual standards for particular retail chains. This means that suppliers may be required to certify to a different standard for each buyer. The establishment of
private standards also involves enrolling other actors in the project to provide a sense of objectivity and transparency. For example, with little or no state intervention in the regulation of most food production and distribution, and growing public mistrust in professional self-regulation (Campbell et al. 2006), third party certifiers are usually integral in maintaining the conventions behind private standards. Though third-party certifiers are generally organisationally independent of the standard setting body – in this case, retailers – their engagement in legitimising private standards is influenced by the marketing strategies and economic concerns of global retailing giants (Hatanaka et al. 2005). Other actors, such as the state, quasi-state organisations and the private sector can also be involved in this expression of instrumental power by underwriting the value of private standards.

While the onslaught of private food standards does, by its very nature, promote a standardisation of roles within supply chains, this has by no means resulted in uniform impacts or responses across the agri-food system. In Australia several new retail chains with various strategies for negotiating market access have entered the market, and recent research in less developed countries indicates that at least two types of supply chain can and do coexist (Farina et al. 2004; Neilsen and Pritchard 2007). These, in turn, have facilitated growing alternative agri-food networks. Organic production, for example, is expanding to the extent that it is not adequately described as an alternative market, and there is some evidence to suggest that some producers enter organic supply chains as a form of opposition to increasing standardisation and corporate control of food production (Dimara et al. 2003; Gonzalez and Nigh 2005). Nor are these examples likely to bring about uniform responses among consumers, producers or suppliers. As this article demonstrates, the reactions of producers to the actions of several large retailers can vary significantly, even within a relatively homogenous social group.

The development of GLOBALG.A.P

GLOBALG.A.P is a set of individual standards for a range of products including fruit and vegetables, cut flowers, coffee, pigs, poultry and aquaculture, which was developed by a consortium of leading UK retailers in 1997. Originally called EurepGAP, the GLOBALG.A.P partnership has grown significantly over the last decade and currently represents the interests of 45 retailers and food service business. GLOBALG.A.P counts among its members most of Europe’s largest fruit and vegetable buyers including Tesco, Carrefour, Aldi, Asda and Metro Group and, on a global level, retailers from South Africa, Japan and the USA including Wal-Mart and McDonalds. There has also been a growth of standards based on GLOBALG.A.P (ASEAN-GAP 2006; Shepherd 2005). Relevant organisations in countries including Uruguay, Chile, New Zealand, China, Japan, South Korea, Kenya and Thailand have formally benchmarked previously existing standards in those countries against GLOBALG.A.P, meaning there are declining numbers of buyers to whom producers without GLOBALG.A.P certification or a benchmarked equivalent are able to sell their produce.

The GLOBALG.A.P standard has as its main concern food safety and traceability. Producers are required to comply with a range of occupational health and safety,
sanitary, phytosanitary and environmental production standards. Extensive documentation, labelling practices and input calculation are to be adhered to, allowing retailers to ensure compliance within their supply chains at a distance (Ouma 2010, p. 203). Producers must also undergo rigorous annual third-party certification, at their own expense, to prove their compliance. GLOBALG.A.P certified produce does not generate higher revenue for producers and is not marketed to consumers.

GLOBALG.A.P provides a forum for improvement of the standard through consultations with producers and retailers. However, it has been accused since its inception of a lack of democratic procedures and of not representing a range of stakeholder views in decision-making (van der Grijp et al. 2005; Fuchs and Kalfagianni 2010). Specifically, there is limited capacity for input from stakeholder groups other than retailers and suppliers, and those on decision-making panels are predominately from large companies based in Europe. Also notable is the absence of organisations representing environmental and social interests, along with the reliance on third party certification bodies, the independence of which has been called into question (Hatanaka and Busch 2008).

Academic discourse around the development and spread of GLOBALG.A.P is divided as to the outcomes the standard is likely to have and, as a result, a dichotomy between standards as barriers and standards as catalysts has emerged (Jaffee and Henson 2003). Some studies relay strong concerns that GLOBALG.A.P leads to the exclusion of groups of producers; in particular, smaller producers (Dolan and Humphrey 2000; Weatherspoon and Reardon 2003; García Martínez and Poole 2004; Berdegué et al. 2005; van der Grijp et al. 2005; Graffham et al. 2006; Graffham and Macgregor 2006; Henson and Jaffee 2006; Mausch et al. 2006; Chemnitz 2007; United Nations Conference on Trade and Development [UNCTAD] 2007, 2008). These concerns are predominantly related to the costs associated with establishing the required infrastructure and annual certification fees, with outlays for producers varying widely (Jaffee 2003; Graffham et al. 2006; Graffham and Macgregor 2006; Ellis and Keane 2008; International Institute for Environment and Development and Natural Resources Institute and Department for International Development (2008); Food and Agricultural Organization [FAO] 2009; Ouma 2010). Associated market benefits by themselves are unlikely to be sufficient to cover the costs associated with certification (FAO 2009). A competing body of literature suggests that private standards may act as a catalyst to upgrade and can provide strategic advantage to some producers (Jaffee and Henson 2005; World Bank 2005; Maertens and Swinnen 2006, 2009; Henson 2007) though a key element in realising these benefits is proactive and strategic business and government responses (Jaffee and Henson 2005). Within this literature, a number of studies have detailed the strategies producers have adopted in relation to GLOBALG.A.P as evidence of producer agency in embracing the standard for their own gain. These strategies usually involve forging alliances with other farmers, retailers and wholesalers in order to expand access to global markets (Busch and Bain 2004; Campbell et al. 2006; Campbell and Le Heron 2007; Rosin et al. 2008; Bain 2010), and tend to be driven by large, innovative producers such as New Zealand kiwifruit producer Zespri International and the European Geest Worldwide Fruit. The scale of analysis tends to differ between these two groups of literature so that, while the standards as barriers literature tends to focus on the smallholder level,
the standards as catalysts literature tends to refer to stimuli at the local or national level. Scalar differences aside, the variation in outcomes suggests that increasing standards appear to accentuate underlying strengths and weaknesses (Jaffee and Henson 2005) and it is possible to draw on these works to build a picture of the standards as barriers and catalysts arguments that are relevant for particular groups of producers. Indeed, it makes intuitive sense that producers with greater technical and financial capital will have greater capacity both to engage with standards like GLOBALG.A.P and to benefit from this engagement than will smaller and more marginal producers – particularly in light of the wider range of marketing options that may emerge through certification.

An actor-oriented approach to understanding GLOBALG.A.P

Actor-oriented approaches to rural studies were developed in response to the perceived failure of structural critiques of social development to adequately explain heterogeneity in social processes. The underlying premise is that different social forms arise under the same or similar circumstances as a consequence of differences in the ways actors interpret and respond to the situations they encounter (Long 2001). Thus:

Social actors must not be depicted as simply disembodied social categories ... or passive recipients of intervention, but as active participants who process information and strategise in their dealings with various local actors as well as with outside institutions and personnel (Long 2001, p. 13, italics added).

This approach emphasises the importance of agency for negotiating change, where agency is the ‘capacity of actors to process their and others’ experiences and to act upon them’ (Long 2001, p. 49). Power, from this perspective, is not possessed or accumulated by some actors or structures to the necessary exclusion of others but emerges from social processes (Long 2001).

The ability to influence others is thus dependent on the actions of chains or networks of agents who translate power according to their own projects (Long 2001). It follows that retailers’ capacity to exercise instrumental or structural power (by constraining others’ choices or by changing the rules of the game, respectively) depends, at least in part, on the legitimacy ascribed to standards by other actors and the use of standards by these other actors for their own strategic purposes (Ransom 2007). Applying this to the contemporary food production environment, the ability to influence others is thus dependent on the actions of other supply chain actors whose agency accounts for different and at times conflicting responses (Mather and Greenberg 2003; Cao et al. 2004; Hatanaka et al. 2005).

Case study background and methods

The Australian citrus industry includes 2,800 landholders managing about 29,780 ha of mostly irrigated citrus plantings (including oranges, mandarins, lemons, limes and grapefruit). In 2003 roughly 15 per cent of total citrus was planted to mandarins, predominately located in Queensland (Australian Citrus Growers 2006).
a comparatively high cost citrus producer with low economies of scale and a large number of small growers; two-thirds of whom have less than 10 ha planted to citrus. Small farm sizes increase the relative cost of participating in certification schemes while contributing to higher relative input costs and decreased relative security of access to irrigation water.

Exports are highly profitable for Australian citrus producers, accounting for half the total production value from only a quarter of the fruit produced. The industry markets Australian citrus as high quality fruit grown in a natural environment and the focus for the Australian industry is on providing off-season production to Asia and the USA (Australian Citrus Growers). In recent years new mandarin plantings in South Africa, South America and China have led to an average increase in the global production of mandarins of about 2 per cent per year, and, while mandarin consumption is increasing in developing countries, growth has slowed in developed countries. Thus, large producing nations have tended to export higher proportions of their produce, flooding the market and increasing competition between producers (Spreen 2001). This has created an impetus for producers to remain competitive through, for example, certification to schemes such as GLOBALG.A.P that facilitate market access.

The Co-operative on which this study is based is one of Australia’s largest fruit exporters. It consists of 26 members, a member-operated board of directors and a quality control manager. The Co-operative is heavily export focused, with major markets in Europe, China, Indonesia and Japan, though it has only been in the last decade that the emphasis has been on exports. Certification to GLOBALG.A.P has facilitated access to the European market. Prior to this, the Co-operative dealt primarily on the local market. While the emphasis remains on export markets, the group works with one key Australian retailer. Co-operative members are family farmers, with properties ranging in size up to 300 ha. The Co-operative is certified to GLOBALG.A.P under the Farmer Group certification option, which stipulates that there must be a farmer group quality management system in place to inspect member farms against the standard. This Co-operative was selected as an appropriate study based on accessibility to certified producers. In Australia at the time of commencing this study, few producers were GLOBALG.A.P certified.

Interviews were conducted with 18 members of the Co-operative along with three GLOBALG.A.P auditors.1 The quality control manager employed by the Co-operative acted on behalf of the researcher in identifying potential participants. An inherent problem with this method of recruitment is the pre-selection of ‘desirable’ participants for the research. However, the participants appeared to represent a broad cross-section of the Co-operative, including smaller and larger producers with diverse perceptions, experiences and views on the changes occurring and impacts of GLOBALG.A.P certification. As an exploratory study, semi-structured interviews were conducted with all respondents and were sound recorded. Once complete, the interviews were transcribed verbatim. Taking an inductive approach, emerging themes were summarised and categorised during systematic readings of transcripts. Validation of segments of data, or structural corroboration, was performed by noting the key issues, descriptions and terms in each interview. Once key themes were established, comments around these themes were extracted from transcripts.
Results

Certification as a competitive necessity

The respondents were facing decreasing profit margins as a result of increasing input costs, production requirements and competition. Within the Co-operative, it was reasoned that certification to GLOBALG.A.P could help to maintain competitiveness, even if doing so meant greater risk and financial outlay. While respondents understood that obtaining GLOBALG.A.P certification was a choice, they nonetheless felt they would have little choice but to certify in the longer term if they were to stay abreast of market demands. In the short term, certification to GLOBALG.A.P was associated with little direct change in on-farm management. Importantly, this was not because standards, certification and traceability were inconsequential for production. Rather, it was because the Co-operative had adopted a proactive and strategic approach to engagement with standards over an extended period of time. GLOBALG.A.P was consequently only the latest of a number of quality assurance schemes in which the Co-operative had been involved.

In the late 1990s Australia’s largest meat retailers (including fast food giant McDonalds) responded to a series of food safety scares in the beef industry – and the failure of the industry to develop and implement an externally audited quality assurance and traceability scheme – by demanding that suppliers conformed to their own quality assurance procedures (Lockie 1998). This stimulated the development of a range of industry-specific programmes based on hazard analysis and critical control points (HACCP) principles including the Freshcare horticulture standard in 2000. The Co-operative was not only an early adopter of the standard; it had, in fact, pre-empted the trend towards quality standards in the horticulture industry by developing in-house HACCP systems certified to ISO9000 in the late 1990s. The goals of these systems were to promote information sharing between members and thus to enable members to benchmark practices and performance against each other. This familiarised members with quality management strategies and metrics that reflected their efforts and promoted a drive for high quality and traceable fruit. As a consequence, subsequent certification to Freshcare (in 2002) and GLOBALG.A.P (in 2005) was considerably less difficult and stressful for the Co-operative members than it may otherwise have been.

The Co-operative Board subsequently found that GLOBALG.A.P certification enabled the Co-operative to access European markets when their market prices were favourable, and provided greater market mobility when dealing with the major retailers in Australia, although the transaction costs associated with shifting between retailing organisations was not discussed in the course of this research. This was viewed as particularly advantageous due to there being just two key retailers controlling a large proportion of the domestic market. As one respondent explained:

It is good for us because we are able to pick and choose. [The main retailers] are a law unto themselves, and there is not much we can do about it. So being able to pick and choose between markets has helped us.
There were some constraints in the ability of the Co-operative to capitalise on these benefits due to the large quantity of fruit produced, which restricted the extent to which the Co-operative could move between markets at short notice. Nonetheless, it was suggested that being able to operate in a range of markets had led to more favourable price outcomes for the Co-operative.

**Structural and supply chain adjustment**

When the Co-operative decided to certify to GLOBALG.A.P, three members left the group, citing the complexities associated with GLOBALG.A.P as the reason for their decision. These members remained in the industry, producing fruit for the domestic market without GLOBALG.A.P certification. Attempts were made to contact these producers but they were either unavailable or declined to participate in this study. Their incentive for leaving the Co-operative was not believed to be financial by the remaining Co-operative members. Rather, it was thought these former members had left the Co-operative due to the technical and administrative requirements of certification.

Certification to GLOBALG.A.P had also changed relations between producers and other input providers. A key example of this was the requirement for traceability of inputs such as seed or rootstock; a requirement which assumes adjacent industries have similar practices in place to those required by GLOBALG.A.P for farmers. One respondent described his experience in trying to obtain the required paperwork:

> I asked for health certification for propagation material from the vendor, and the vendor laughed. I said I needed it for my paperwork. I was concerned that a minor non-compliance would be recorded for not being able to provide the required details. Imagine if I had have failed for that!

This highlights the difficulty producers may have with other suppliers who are not familiar with or not required to certify to GLOBALG.A.P, which may force them to develop new supply strategies and relations with other actors in the supply network.

Perhaps the most pertinent supply chain relationship, however, was that between growers and labour. Growers are dependent on temporary and (often) unskilled employees observing the GLOBALG.A.P standard. The citrus industry has traditionally relied heavily on temporary workers to cope with peak periods of labour demand around seasonal tasks such as thinning, pruning, picking and packing. Respondents outlined their concerns about depending on seasonal workers to maintain the precise records required for producers’ certification. Some indicated that since certifying to GLOBALG.A.P they had been forced to consider more carefully the workers they employed, either using the same people every year or targeting specific groups such as older couples or those that spoke fluent English. This resonates with several studies on the labour outcomes of GLOBALG.A.P and other private standards suggesting that these reshape and restructure existing labour arrangements and can increase inequalities (Bain 2010), although the outcomes of this are yet to be seen in the Australian context.

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GLOBALG.A.P authority and legitimacy

Respondents expressed strong concerns about the authority of GLOBALG.A.P and other standards. They believed that retailers were part of a growing group of stakeholders, each of whom asserted their own process requirements, steadily eroding farmers’ flexibility in relation to decision-making about their land, their businesses and their production practices. Their concerns were based equally on a defence of farmers’ property rights and autonomy and on a belief that universal standards offered an ineffective and unnecessary means of regulating many aspects of production. Defending farmers’ rights to determine how particular aspects of production should be managed, one respondent argued:

Whose business is it how we manage our water, except for the person buying the water? The only relevance to what [citrus producers] do is the chemical aspect of [GLOBALG.A.P]. I can’t see the relevance of any of the other aspects – hygiene, water management – that’s no one else’s business except ours.

In other words, retailers and end consumers may have had a right to influence matters directly related to food safety such as chemical residues, but not to ‘stick their nose’ into all aspects of farm management.

Concern about retailer influence elicited two broad responses. The first was simply to do the bare minimum necessary to maintain GLOBALG.A.P certification by ignoring non-mandatory compliance points. The second was to argue that those production requirements in the standards that were genuinely beneficial were undertaken by them anyway. Many were emphatic that they had made decisions based on their own common sense good management practices rather than ‘because a standard said we should do it’. In relation to a specific GLOBALG.A.P requirement, for example, one landholder explained:

You always make sure you have grass in between the rows. It is effective in erosion control, but there are also other benefits ... there are predatory mites growing in the grass that are beneficial. It has a positive value in your operation. And you do it because it is the right thing to do for the environment, not because GLOBALG.A.P says you should do it.

In this way, respondents perceived that they were resisting the demands placed upon them, although the extent to which their resistance was likely to impact upon either the demands made by supermarkets of farmers or the flexibility farmers have in how they meet these demands is debatable. Most respondents strongly resented what they perceived to be being directed by European powers. They questioned the legitimacy of GLOBALG.A.P in terms of the adequacy of a global standard for Australian citrus producers and the relevance to them of an industry-wide standard that covered all cropping industries. It was suggested that to provide real consumer safety, social and environmental benefits a standard would require flexibility and awareness of the particularities of the Australian horticultural industry. Furthermore, parts of GLOBALG.A.P that addressed hygiene, storage and transport facilities were believed to be largely extraneous for citrus producers, and again, it was suggested that a standardised approach for horticulture was inappropriate. Echoing fellow Co-operative

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members and Campbell’s (2005) description of EurepGAP as a re-inscription of the European colonial food order, one respondent argued:

You would understand if it was the local Landcare group, the government or even the community. You would say ‘OK’. But what do a bunch of retailers know about developing a conservation plan for the Australian environment? Very little, I’d say.

Nonetheless, as noted above, it was conceded that there was a need for the development of standards that addressed food safety, and respondents tended to be supportive of this aspect of GLOBALG.A.P.

Retailer influence over production practices

Most respondents voiced concerns about the size, concentration and market power of major retailers. For almost all respondents, the ability of retailers to impose stringent quality standards and production requirements was seen as evidence of their increasing influence over producers. Further, respondents believed that retailers’ use of quality and production standards was not solely for quality assurance; it was also to maintain their advantage in negotiations with producers over farm-gate pricing and shifting upstream their responsibilities in relation to food-borne risk.

One of the arguments for standards is, of course, that they provide a basis for product consistency and safety among the dispersed networks of production, processing and retailing. The respondents argued, however, that the spatial distance between producers and retailers placed them at a distinct disadvantage when prices are set on the arrival of produce in retailer distribution centres. The retailers were able in such settings to make claims about the quality of produce that to was not practical for the farmers to dispute. It was suggested that particular retailers and markets had manipulated this in an effort to maximise profits. One respondent explained the problems they had faced in the past on this issue:

Buyers know that if they complain [to farmers] they get money off the original price. They take photos that show fruit that has something wrong with it but when you look at the photos closely you can see it’s all the same fruit, just moved around a little. We can’t get there in time to inspect it properly so what can we do? We have no choice but to agree to drop the price to the quality classification they say it is. And they are the ones who set the quality classification.

The cynicism of farmers towards retailers’ strategic use of quality claims was amplified by the belief that the retailers did not apply the same strict production and handling standards that they imposed on others. For example, it was suggested that retailer distribution centres did not store produce in the same way that farmers were forced to store their produce when it was on the farm. These was seen as a confirmation that retailers were not focused on the provision of safe, quality food but, instead, were concerned with maintaining pressure on other supply chain actors and devolving accountability for risk. These examples elicited two simultaneous and outwardly contrary responses from Co-operative members. On the one hand, they undermined their support for GLOBALG.A.P despite the general acceptance by
members of the importance of food safety standards. According to one respondent: ‘That’s why we think these standards are bullshit’. On the other hand, certification to GLOBALG.A.P had afforded the Co-operative a wider range of potential market outlets and reduced reliance on the highly concentrated Australian supermarket sector.

At the same time that most Co-operative members complied with the standards agenda represented by GLOBALG.A.P, the belief that retailers took advantage of their market position led Co-operative members to consider steps to level the playing field. For example, the respondents had discussed the possibility of creating informal networks among geographically dispersed producers to investigate disputes about the quality of produce once it arrived in retailer distribution centres:

We are looking to set up with a few other producers and have an export forum so that if there is something wrong with the fruit or the price is suddenly contested, they get there and sort it out because we cannot do it by ourselves.

This had not yet been initiated at the time of data collection. However, it does illustrate the potential creativity of producers in developing novel relationships and networks to establish a countervailing influence to that of large retailers. Further, it resonates with earlier work that details forging alliances with other farmers, retailers and wholesalers as a strategic mechanism for their own gain (Busch and Bain 2004; Campbell et al. 2006; Campbell and Le Heron 2007; Rosin et al. 2008; Bain 2010).

Conclusion

The experiences and perceptions of the Co-operative members interviewed in the course of this study support the claim that GLOBALG.A.P and similar retailer-led production standards are becoming de facto mandatory requirements for access to a number of key markets for agricultural produce. At the same time, however, they suggest caution in reading the spread of retailer-led standards through the lens of late twentieth century iterations of the agrarian question; that is, as mechanisms through which retailers have usurped input suppliers and commodity traders and processors as the latest transnational agribusiness sector to assume control over agricultural production processes while leaving farmers to deal with the vagaries of food production. Certainly, certification to GLOBALG.A.P created an administrative burden. However, membership of the Co-operative helped to limit opportunity costs for its members, and they regarded key aspects of the standard (particularly those related to food safety) as legitimate domains of concern for retailers and consumers (see also Ransom 2007). Further, certification to GLOBALG.A.P was used strategically by the Co-operative to maximise market opportunities and reduce its dependence on two key Australian retailers through diversification to new markets.

None of this is to say that relationships between retailers and producers were relationships between equals. It seems intuitively obvious that the oligopolistic nature of the retail sector would put Co-operative members – all of whom were family farmers – at a disadvantage when negotiating matters such as farm-gate prices. Members believed that retailers regularly downgraded their produce and lowered
prices on the basis of questionable quality claims. They also believed that retailers took less care with storage and handling than they themselves did. Whether or not these concerns are justified is a moot point. Certainly, it is the case that farmers and buyers in a variety of production sectors have historically embraced objective (that is, quantifiable) third party measurement of produce quality in order to remove quality assessment as barrier to trust at the point of sale. Standards such as GLOBALG.A.P, however, do nothing to improve trust in retailers as buyers or to improve the negotiating position of farmers in this kind of situation because, as production standards, they place a great deal of responsibility on farmers and other supply chain actors to document their actions but do nothing to monitor, record or verify the tangible quality attributes that are the ultimate arbiters of price. The Co-operative’s participation in GLOBALG.A.P and Freshcare was underpinned by the earlier development of in-house quality assurance systems certified to ISO9000 that supplemented the traceability requirements of GLOBALG.A.P and Freshcare with processes to improve tangible product quality and consistency. Yet, in the event that a retailer complained that fruit were blemished, sour or otherwise inferior, the Co-operative had no recourse.

This suggests a further note of caution. GLOBALG.A.P may well represent a novel form of agri-food governance deployed in the context of a new regulatory regime linked to the globalising private sphere, in general, and the increasing power of retailers, in particular (see Campbell 2005). Novel features of GLOBALG.A.P as a governmental technique aside, this case study suggests that an equally important feature of the new regime is its oligopolistic structure. Retailer-led standards, in this case, were improving the transparency of activities in the food chain and thereby reducing risk. However, the information flow associated with standards was entirely downstream and transparency improved solely from the perspective of retailers. No matter how strategic their engagement with standards schemes may have been, farmers were forced to occupy a position of dependence the moment their fruit entered the supply chain of a major retail chain.

Notes

* Corresponding author.

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Freshcare is the leading horticultural industry standard in Australia. Freshcare was developed in 2000 by the horticulture industry in response to the food safety requirements of two key Australian retailers, Coles Myer Ltd and Woolworths Ltd. Freshcare is a prescriptive code of practice that is focused entirely on food safety and based on the principles of HACCP. An additional stand-alone or add-on module for environmental management was developed in 2006.

Landcare groups are a common feature of Australian rural communities. Following the implementation of the National Landcare Program in 1988, farmers and other landholders were encouraged to form local self-help groups to address environmental degradation in a co-operative and integrated manner with modest financial support available to assist in planning, demonstration and educational activities (Lockie 2006; Lockie and Higgins 2007).
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Production relations under GLOBALG.A.P

Rebeka Tennent*
School of Sociology
Research School of Social Sciences
The Australian National University
Building 24
Copland Building
ACT 0200, Australia
e-mail: rebeka.tennent@anu.edu.au

Stewart Lockie
School of Sociology
Research School of Social Sciences
The Australian National University
Building 24
Copland Building
ACT 0200, Australia
e-mail: stewart.lockie@anu.edu.au

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