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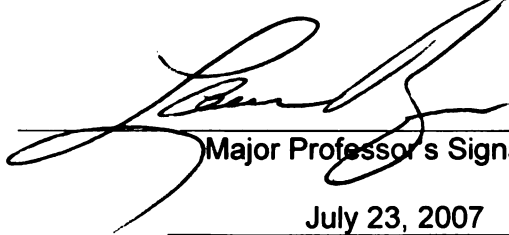
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**RECONCILING COMPETING VALUES
FOR CORPORATE SOCIAL RESPONSIBILITY:
EUREPGAP STANDARDS IN THE CHILEAN FRESH FRUIT VALUE CHAIN**

By

Carmen Bain

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ABSTRACT

RECONCILING COMPETING VALUES FOR CORPORATE SOCIAL RESPONSIBILITY: EUREPGAP STANDARDS IN THE CHILEAN FRESH FRUIT VALUE CHAIN

By

Carmen Bain

An influential example of Corporate Social Responsibility (CSR) is EurepGAP. Established in 2001 by a handful of powerful UK and European supermarkets, EurepGAP requires produce suppliers to meet standards for food safety, labor and the environment that are independently audited. EurepGAP seeks to legitimize its protocol by emphasizing its technoscientific values, such as objectivity, transparency, and value-freedom. Focusing on the Chilean export fresh fruit chain, this qualitative study uses a Global Value Chain approach to analyze how the costs, risks, and benefits of EurepGAP are distributed throughout the value chain and what the health, safety and welfare implications of EurepGAP are for workers. Rather than an impartial technical tool, retailers use EurepGAP to govern their supply chain and shape distributional issues. EurepGAP standards offer important measures for reducing the risk of pesticide exposure for permanent, full-time workers but not for workers who are temporary and subcontracted. Retailer expectations that growers absorb the costs and risks involved in meeting standards have compelled growers to reduce labor costs. The utilization of flexible labor strategies by growers is a key obstacle to improving worker welfare. Rather than facilitate transparency and accountability, third party audits largely fail to verify compliance or illuminate shortcomings with labor standards.

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LIST OF ACRONYMS

ABI	Association of British Insurers
ASOEX	Asociación de Exportadores de Chile A.G.
BRC	British Retail Consortium
BSE	Bovine spongiform encephalopathy
CB	Certification body
CFFA	Chilean Fresh Fruit Association
vCJD	variant Creutzfeldt-Jakob disease
CSR	Corporate social responsibility
DoE	Department of Epidemiology
ETI	Ethical Trade Initiative
EU	European Union
EUREP	Euro-Retail Produce Working Group
EurepGAP	Euro-Retail Produce Working Group Good Agricultural Practice
FDF	Fundación para el Desarrollo Frutícola
Fedefruta	Federación de Productores de Frutas de Chile
GAP	Good agricultural practices
GM	Genetically modified
GMB	Britain's general union
GMOs	Genetically modified organisms
GMP	Good manufacturing practices
GVCA	Global value chain analysis
HACCP	Hazard analysis and critical control point
ICM	Integrated crop management
ILO	International Labour Organization
IMF	International Monetary Fund
INDAP	Instituto de Desarrollo Agropecuario
IPM	Integrated pest management
ISO	International Organization for Standardization
MNCs	Multinational corporation
MoA	Ministry of Agriculture
MoH	Ministry of Health
MRLs	Maximum residue levels
MUCECH	Movimiento Unitario de Campesinos y Etnias Chilenas
NGO	Non-governmental organization
ODEPA	Oficina de Estudios y Políticas Agrarias
PRC	Pesticide Residues Committee
REVEP	Red Nacional de Vigilancia Epidemiología en Plaguicidas (National Epidemiological Surveillance Network in Pesticidas)
SAG	Servicio Agrícola y Ganadero (Agriculture and Livestock Service)
SCM	Supply chain management
SENCE	Servicio Nacional de Capacitación y Empleo (National Agency of Training and Employment)
Sernam	Servicio Nacional de la Mujer (Ministry of Women)

SPS	Sanitary and Phytosanitary
TBT	Technical Barriers to Trade
TNC	Transnational corporation
TPC	Third Party Certification
UK	United Kingdom
UN	United Nations
US	United States
WHSW	Worker health, safety and welfare
WTO	World Trade Organization

CHAPTER 1

Corporate Social Responsibility and the 'Race to the Top'

A key criticism of globalization is that its benefits are distributed highly unequally, with multi-national corporations (MNCs) and financial capital reaping the major benefits to the detriment of labor and the environment. Critics argue that inequality and injustice both within and between countries are exacerbated due to the combined effects of first, market integration globally that constrains the ability of nation-states to function and to regulate business, and second, the growing dominance of international organizations that advocate economic rather than social objectives (Robinson, 2002; Little, 2003).

Organizations such as the World Trade Organization (WTO) and the International Monetary Fund (IMF) favor enforceable rules that encourage global market expansion, while rules that promote social goals, such as human rights, environmental sustainability, and labor standards, tend to lag far behind or in some cases have even become weaker (Ruggie, 2003). Thus, while globalization has facilitated the mobility of capital and goods, equivalent international institutions that could adequately regulate these practices have not developed. Together, critics argue, these transformations have encouraged a corporate 'race to the bottom,' where the logic of capitalist competition and profit benefit those companies that can source goods and services from wherever they can maximize their returns by minimizing their social and environmental costs (Blowfield, 1999; Kaplinsky and Morris, 2001; Little, 2003; Fox and Vorley, 2004; Rupert, 2005; Fauset, 2006).

To counter this global 'race to the bottom' many activist organizations have concluded that within this new political and economic landscape traditional campaigns

for social and environmental justice are no longer effective. Rather than trying to change the policies and practices of the nation-state, many groups have turned their attention instead to campaigns for corporate social responsibility (CSR) that are aimed directly at the very actors they hold responsible – corporations. The goal here is to advance their broader social and environmental objectives by compelling individual companies to change their behavior wherever they happen to operate within the global marketplace. The dominant philosophical belief now is that in the era of globalization, the corporate sector has “the global reach and capacity” as well as the “ability to make and implement decisions at a pace that neither government nor intergovernmental agencies can possibly match” (Ruggie, 2003:107).

Finding themselves the focus of activist campaigns for CSR, some of the world’s largest MNCs have felt compelled to respond by implementing institutional initiatives, such as codes of conduct, designed ostensibly to improve their social and environmental performance throughout their global supply chains. Such initiatives have led some commentators to argue that rather than a corporate race to the bottom what we are increasingly seeing today is a corporate ‘race to the top’ (Shellenberger, 2003; Bhagwati, 2004).

Potentially the most far-reaching and influential example of this ‘race to the top’ is EurepGAP. Established in 2001 by a handful of powerful United Kingdom (UK) and European food retailers, EurepGAP members now require their fresh produce suppliers to meet not only a broad array of food safety and quality standards but also standards for the environment and labor. Furthermore, in contrast to most other corporate standards for CSR, EurepGAP standards must be independently audited by a third party certifier to

demonstrate compliance. Calling themselves, *The Global Partnership for Safe and Sustainable Agriculture*, EurepGAP argues that in the wake of consumer concerns about ‘mad cow’ disease (bovine spongiform encephalopathy, or BSE), genetically modified organisms (GMOs), and pesticides, its members wanted to reassure consumers that their food is being produced in a safe and sustainable manner, a manner that “respects food safety, the environment, workers’ welfare, and the welfare of animals” (EurepGAP, 2004:npn).

These factors sometimes known as ‘the triple bottom line – people, planet and profit’ – recognize the importance major corporations and multinational supply bases place on ensuring that agriculture is undertaken in a responsible way. Good Agricultural Practices, which are understood by producers the world over, deliver clearly defined outcomes in these areas (EurepGAP, 2005:npn).

While purportedly ‘voluntary,’ in that it is not mandated through public regulation, EurepGAP has become *the* standard if you want to export fresh produce to Europe. Threatened with exclusion from this valuable market, tens of thousands of producers from Chile to Ghana to New Zealand have become EurepGAP certified with thousands more in the process. EurepGAP is not slowing down either. While this dissertation focuses on their standards for fresh produce, EurepGAP has since developed global reference standards in other areas of the agricultural sector, including crops (e.g. flowers and ornamentals); tea and coffee; cereal and livestock production (with standards for animal welfare); and aquaculture.

What EurepGAP demonstrates is that some of the most dynamic experiments in global governance are occurring not in the public sphere but in the private sphere. Within the context of national capitalism standards for food safety, worker health and safety, and the environment, were largely the product of normative frameworks generated by

governments and/or labor unions (Giovannucci and Ponte, 2005). However, with the expansion of global capitalism together with neoliberal economic and social policies, non-governmental actors, including corporations, business and industry associations, and social activists are now playing a greater role in negotiating and establishing standards for social goods (Busch and Bain, 2004; Giovannucci and Ponte, 2005; Henson and Reardon; O'Rourke, 2006). As a result, when we look at the global agricultural and food (agrifood) system today, what we find is that a plethora of *private* institutions, including standards, codes of conduct, and certification and labeling schemes, have become key “drivers of change in [its] structure and *modus operandi*,” (Henson and Reardon 2005:242).

In contrast to many other corporate efforts at CSR, EurepGAP is unique on several levels. First, while there has been a proliferation of voluntary codes and guidelines over the past decade, none has received widespread acceptance, in part, because there is no general agreement as to exactly what the social and environmental responsibilities of corporations are (Blowfield and George, 2005). EurepGAP is one of the first major efforts by a group of corporations – fierce competitors with each other – to work together to develop a common set of standards for its suppliers. Furthermore, rather than a ‘retailer’ protocol, EurepGAP has been eager to distinguish itself as a ‘partnership’ between retailers and producers.

Second, critics have questioned the value of corporate initiatives that involve vague, qualitative codes and guidelines that are often voluntary for suppliers and which lack transparency, independent oversight, and quantitative performance data to back up company claims. Such criticism has led to assertions that codes for CSR are little more

than ‘green washing’ and ‘red washing’ (Kimerling, 2001; Klein, 2000; Joseph, 2002; Ruggie, 2003). In contrast, EurepGAP seek to win support and legitimacy for its standards and audit system by emphasizing its technoscientific values, such as objectivity, transparency, and value-freedom.

Research Objectives

The shift to private-sector, purportedly ‘objective’ regulatory mechanisms to deal with problems of social and environmental wellbeing is one of the most important changes resulting from the neoliberal global political economy of the past two decades. With a particular emphasis on EurepGAP’s standards for Worker Health, Safety and Welfare, this dissertation seeks to address the following objectives: First, to determine the main factors that motivated UK retailers to establish EurepGAP and to understand its objectives in relation to the protocol. Second, to understand how the costs, risks, and benefits related to the implementation and practice of EurepGAP are distributed throughout the value chain. Third, to understand how EurepGAP’s standards and audit have affected the health, safety and welfare of agricultural workers. Addressing these objectives will contribute to broader efforts by scholars and non-governmental organizations (NGOs), among others, to enhance our understanding of the value and limits of private-sector standards and audit for meeting social and environmental objectives within the global value chain.

Institutions as Human Relationships

Standards can be defined as “the measures by which products, processes and producers are judged” (Busch and Bingen, 2006:3). As institutions, standards are often portrayed as universally beneficial, citing, for example, their ability to improve food safety and worker

welfare, reduce transaction costs, create efficiencies, provide consumers with greater choice, facilitate access to markets, and so forth (Hill, 1990; Clayton and Preston, 2003). Similar universal claims are made regarding third party certification (TPC). For example, much of the literature (see Tanner, 2000; Golan *et al.*, 2001; Sanogo and Masters, 2002; Fagan, 2003) considers TPC as an objective or impartial technical tool or institution, whose promise of transparency and accountability contributes to the efficient organization and regulation of markets and trade.

The following chapters seek to question the universal character of such benefit claims. Here, markets and their institutional arrangements – whether formal institutions, such as laws, rules, standards, and audits or informal or tacit institutions, such as norms, conventions and values – reflect the desire of certain groups of actors to promote some interests over others. Rather than simply “rules of the game in a society” (North, 1990:3), institutions both enable and constrain opportunities by defining a person’s rights, “their exposure to the rights of others, their privileges, and their responsibilities” (Schmid, 2004:6). Institutions reflect and influence human relationships, not only by structuring incentives, but also by affecting “beliefs and preferences”, providing “order and predictability to human action” and determining whose interests or preferences should count (Schmid, 2004:1).

Since EurepGAP’s standards are shaped by political and strategic considerations, they have broader social and ethical implications for actors throughout the value chain. The creation of standards not only “disciplines, reorganizes, and transforms...the thing that is standardized but all those persons and things that come in contact with it” (Busch 2000:281). In this way, standards, together with audits, define, produce and reproduce the

moral economy by establishing norms of behavior not just for things but also for people by defining what, and who, are good and bad (Busch 2000).¹

Accepting then that neither standards nor audits are value neutral or interest free, the challenge in the following chapters is to identify the main distributional issues regarding who gets to participate in decision making, whose interests count, who wins and who loses, that is, to understand how EurepGAP's standards and audits act to expand the capacity of some participants and limit the capacity of others to reshape social, political and economic relationships. To accomplish this, I examine EurepGAP standards and audit within the context of the Chilean export fruit sector.²

The Chilean Export Fresh Fruit Sector

The Chilean export fresh fruit sector provides a valuable site to examine distributional issues in relation to EurepGAP standards for growers and farm workers. Chile is a world leader in the export of fresh fruits. Almost half of all exports from the Southern Hemisphere, which supply the lucrative North American and European markets during the counter-season, come from Chile. Within the country itself, this sector is of critical importance to the national economy in relation to employment, GDP, and investment opportunities. In terms of its exports, the UK and European markets are a crucial and growing destination for Chilean fresh fruit; between 1998 and 2005 exports to this region doubled and now account for 31 percent of all Chilean fresh fruit exports. It is widely recognized by the leadership of the industry as well as segments of the government that

¹ According to Thompson (1996:46), the concept of the moral economy describes “the system of rights, privileges, norms, and expectations that organize – or at least frame – relationships of production, distribution, and exchange.”

² This research does not focus on EU regulations nor Chilean state regulations, except where they specifically intersect with my analysis of EurepGAP. Furthermore, while chapter 2 discusses the role of activist NGOs in pressuring retailers to implement CSR policies, a critique of the discourse and actions of these NGOs and social movements is beyond the bounds of this research.

the buying practices and strategies of Northern food retailers have enormous import not only for the fresh fruit sector but for the Chilean economy as a whole.

Key players here, especially large-scale exporters and growers together with their industry representatives, were quick to embrace the EurepGAP concept. In fact, Chile was the first developing country to have representatives participate on EurepGAP's committees. The ability to participate reflects the fact that Chile has a relatively sophisticated export fresh fruit sector both in terms of infrastructure and organization compared to many other developing countries. The sector is heavily influenced by the dominance of some of the world's largest multi-national fruit corporations, such as Chiquita Enza, Dole, Del Monte Fresh, and Unifrutti Ltd. These industry leaders, together with segments of the government associated with agriculture, began to vigorously encourage growers to implement EurepGAP long before many other countries had even considered it. By the end of 2006, just five years after the first protocol was released, approximately half of all produce sent to Europe was EurepGAP certified. Proponents of EurepGAP within Chile argue that the benefits of independently certified standards for good agricultural practices (GAP) will have significant benefits for the industry as a whole by, for example, helping to modernize Chilean agriculture, improving grower practices as well as the image of Chilean produce, and ensuring continued access to the European market.

EurepGAP standards could also benefit the health, safety and welfare conditions for Chilean farm workers. Critics have argued that an enormous disparity exists between the success of the export fresh fruit sector and the highly exploitative labor conditions that operate within it. These criticisms have been most vocal from labor advocates and

scholars but have also come from government leaders and officials as well as segments of the fruit industry itself. One of the key issues critics identify to illustrate their case is the rising levels of agri-chemical use and the concomitant increase in health hazards for farm workers suffering from pesticide exposure (Altieri and Rojas, 1999; Murray, 1999; Riquelme, 2000; Rojas *et al.*, 2000; Langman, 2001; Caro *et al.*, 2003). As Chile emerged as a world leader in the export of fresh fruit from the late-1970s, efforts to meet the stringent phytosanitary and quality standards of its export partners resulted in the large-scale use of pesticides becoming the norm (Altieri and Rojas, 1999). This growth has resulted in serious health consequences for workers, especially *temporeras* – temporary, women farm workers – exposed to these highly toxic substances.

Moreover, adherence to a neo-liberal export model has constrained the ability – or willingness – of the Chilean state to enhance the regulation of labor and environmental practices that might benefit workers (Barrientos *et al.*, 1999). While new laws and regulations in relation to pesticide use and worker health and safety have improved significantly since the late 1990s, the lack of corresponding inspection and enforcement measures mean that noncompliance among growers is widespread. Furthermore, essential labor rights, such as collective bargaining, are weak or non-existent for the 400,000 temporary, largely non-union, and poorly-paid workers. Within this context then, EurepGAP standards could potentially lead to real improvements in the workplace health and safety conditions for farm workers, especially in relation to one of the main risks they face: acute and chronic pesticide poisoning.

Overview of Chapters

Drawing principally on a global value chain analysis (GVCA) and the development literature on CSR, the focus of analysis in the following chapter is to understand how and why non-governmental actors, especially major corporate food retailers, now play a greater role in governing their global supply chains as well as the marketplace for food. Rather than impartial technical tools, the development of new governance mechanisms, such as private-sector standards and third-party certification, have become essential to the governing strategies of retailers. Standards embody particular sets of rules and third party certification ensures compliance with these rules. This is not inconsequential. The power to make the rules and enforce the rules is central to determining distributional issues, such as who gets to participate within global value chains, under what conditions, and how the benefits of such participation will be distributed.

Utilizing this framework, the chapter then proceeds to examine the key debates, controversies, and players that have reshaped the practices of the major UK food retailers. The development of an oligarchic retail sector, greater legal responsibility for their fresh produce, the desire to compete on quality, and pressure to demonstrate CSR have encouraged retailers to establish greater control over their supply chains. Within this context of new risks, challenges and opportunities, EurepGAP is perhaps the most influential example of how retailers are mobilizing to influence and lead “the agenda of institutional reform” and social and economic change (Utting, 2005:375). Through EurepGAP, retailers hope to reconcile a number of competing pressures to their benefit: establish greater control over their suppliers and their practices, demonstrate initiative in meeting concerns regarding social and environmental responsibility, minimize their legal

and reputational risks, and pass on the responsibility and costs of implementation back up the supply chain.

In chapter 3, I discuss the methodology and methods for this study. This study utilizes a global value chain approach, with my research centering on the Chilean fresh fruit export value chain. The focus of this approach is to analyze how different actors and activities within the value chain are ‘governed.’ The goal is to understand how lead actors, especially retailers, utilize particular organizational and institutional forms, in this case, EurepGAP’s standards and third party audits, to govern the supply chain and determine distributional issues. Qualitative methods of in-depth interviewing, documentary analysis and participant observation allow me to assess the distributional implications of EurepGAP’s standards for growers and workers within a particular social, economic and historical context. This is accomplished in each chapter by evaluating EurepGAP’s claims and assumptions in relation to the practice of standards and audit.

EurepGAP members claim that EurepGAP certification is a ‘win-win’ solution for both retailers *and* growers. In chapter 4 the objective is to unpack this claim by examining how the costs and benefits, challenges and opportunities are distributed among producers within the Chilean export fruit sector. As I explained above, the leadership of the Chilean export fruit sector has embraced EurepGAP. Certainly, the benefits of EurepGAP will not only accrue to retailers. However, what EurepGAP proponents fail to acknowledge is that the costs, risks and benefits of EurepGAP are not fairly distributed among participants. EurepGAP has defined the practices of suppliers as the problem rather than examining how their own buying practices might undermine worker welfare or environmental sustainability. A limitation of EurepGAP then is that it places the

burden of compliance on suppliers and fails to address how inequitable relationships within the supply chain might help create the negative practices that EurepGAP purportedly seek to overcome. In a marketplace with few buyers and many sellers, retailers are able to demand EurepGAP certification as a precondition for doing business without having to offer growers any price premium or assurances of purchase. Thus, suppliers are expected to incorporate the risks and costs of implementing EurepGAP in what is already considered a high risk, highly competitive environment, placing a disproportionate burden on those who can least afford it – small and medium-scale growers.

The initial chapters then provide a context for understanding the UK food retailing sector, the establishment of EurepGAP and the implementation of EurepGAP in the Chilean export fruit sector. This discussion then turns to focus specifically on the implications of EurepGAP's standards for worker health, safety and welfare in chapter 5 and the practice of audit in relation to these standards in chapter 6. As mentioned above, EurepGAP has sought to build credibility and legitimacy for its protocol by emphasizing its technoscientific nature, whereby its standards are objective, developed by experts, risk assessed, and independently verified. Both chapters emphasize the limitation of treating labor standards and audit as a purely technical exercise that treat workers as objects and ignore the broader socio-economic context in which labor relations exist.

How do EurepGAP standards for “Health, Safety and Welfare” deal with one of the most serious health issues facing agricultural workers globally – the acute and chronic exposure to pesticide poisoning? In chapter 5, I compare EurepGAP's standards with data collected by the Ministry of Health, together with independent studies, that discuss how

and why workers are poisoned. What my findings show is that the standards EurepGAP have established appear to offer important benefits for reducing the risk of exposure for permanent, full-time workers, but not for the most precariously situated workers – those who are female, temporary and subcontracted. I argue that these standards are incongruous since they ignore the socio-economic relations that exist within the supply chain and assume that worker health and safety can be separated from a broader framework of labor rights. Supply chain pressures and the expectation that growers should absorb the costs and risks involved in meeting retailer standards compel growers to reduce their labor costs, especially by drawing on flexible labor strategies. In particular, the growing utilization of subcontracted labor, which EurepGAP standards do not address, is a key obstacle to improving worker health, safety and welfare.

The crux of EurepGAP's credibility is their reliance on independent third party audits to assess compliance with their standards. Audits have broad appeal based on claims of independence and objectivity and assumptions of transparency and accountability. Chapter 6 examines these claims and assumptions in relation to the practice of audit for worker health and safety. What I find is that standards for verification vary considerably depending on the risks retailers themselves face. Thus, verification requirements are far more rigorous for assessing pesticide residues on fruit than for assessing pesticide poisoning of workers. There is little evidence that audits encourage transparency or accountability. In fact, the value of audits for improving worker health and safety is difficult to determine since auditors, who are financially beholden to growers, are not required to engage with workers to substantiate compliance or to illuminate potential shortcomings. Furthermore, the data collected by auditors –

information that could be used to advance worker welfare – are now privatized, subject to confidentiality agreements and unavailable for public review. In general then, audits provide “shallow rituals of verification” (Power, 1997:123) at the expense of more informed, engaged, meaningful acts of accountability.

In the final chapter I conclude that the ideological and structural biases underlying CSR delineate its possibilities and limitations. Neoliberal policies have undermined the capacity of governments to regulate in favor of market-based models of governance. The private sector, acting on the purported concerns of northern consumers and NGOs, is now viewed as having the capacity and responsibility to develop the global south. However, CSR offers simplified solutions to complex structural problems related to poverty, inequality, and international trade. EurepGAP’s standards for workers are of limited value because they ignore the inequitable power relations within the value chain that help create or contribute to poor working conditions in the first place, and they ignore retailers’ own role in creating these inequities. With CSR, technocratic and depoliticized institutions, such as the audit, are countered to efforts to build strong, participatory, democratic institutions. Yet democratic processes, debate and accountability are essential for determining what is or should be the public good and for confronting distributional questions of how the costs, benefits, and responsibilities of institutional reforms should be borne and by whom.

CHAPTER 2

Contesting the 'Triple Bottom Line' in the UK Food Retail Sector

EurepGAP is "a message to both suppliers and government authorities that retailers are now becoming directors of the food chain and are an increasing force to be reckoned with" (Rabobank 2002:3).

Since the mid 1990s, the UK food retail sector has been a hotbed of controversy and debate. The source of these debates is the enormous power wielded by one of the most concentrated food retail sectors in the Northern hemisphere. Oligarchic retail power, the desire to compete on quality, and legislative changes that have given supermarkets greater responsibility for the safety and quality of their products have encouraged retailers to use their market power to establish more control over their global supply chains. In response, retailers have revolutionized their buying and selling practices through centralized and streamlined supply chain operations, together with new food safety and quality standards and management systems. These changes have not only influenced the consumer market in the UK, but, as we will see in subsequent chapters, the production practices of suppliers around the globe.

While many middle class UK consumers have benefited tremendously from these changes, the concentrated, seemingly ubiquitous power of the retail sector, together with numerous 'food scares,' has fueled the growth of anti-corporate retail social movements. Critiquing retail practices in relation to both consumers and suppliers, activists are demanding that supermarkets implement policies that demonstrate social, ethical, and environmental responsibility. Consequently, supermarkets, NGOs (with the help of trade unions and the media), and the state, are embroiled in an ongoing contestation over what 'triple bottom line' accountability within the marketplace for food should look like.

The purpose of this chapter then is to examine the actors, debates, controversies and actions that have helped reshape the practices of UK retailers, their institutions, and the UK market for fresh produce. It is this transformation that has provided the main impetus for establishing EurepGAP, and these struggles continue to influence its substance. This framework helps us to understand how EurepGAP fits into a broader, multi-pronged effort by retailers to respond to the new risks and opportunities that legislative changes and activist pressure have presented. Furthermore, any assessment of EurepGAP's standards and audits for Chilean growers and workers requires an appreciation of the context in which UK retailers operate. This context shapes their buying practices, creating ongoing tensions and conflicts for growers as they try to balance the individual demands of their major buyers with the goals of EurepGAP.

In order to situate the transformations taking place within the UK food retailing sector, the following section examines the broader institutional shifts that have occurred within the global agrifood system. I then discuss global value chain analysis (GVCA) and its value as a framework for understanding and analyzing these changes. I follow this section with a discussion about the growth of social movements for CSR.

Governing the Global Agrifood System

Until recently, governments were considered primarily responsible for inspecting food, determining its safety, and providing assurances to the public about the safety and quality of the food supply. Uniform public standards were viewed as necessary since in the presence of imperfect and asymmetric information it was argued that they functioned to reduce transaction costs and improve market efficiency. They accomplished this by using measurable attributes that provided a 'common language' for market participants

involved in the food and agricultural marketing system (Hill, 1990; Clayton and Preston, 2003). Of course, a common language was easier to sustain in a context where much of the food traded both nationally and internationally was undifferentiated bulk commodities, such as corn, wheat, or sugar and thus the focus was on commodity quantity, standardization, and price. For such products, standardization involved ““making uniform among buyers and sellers, and from place to place and time to time, the quality specifications of grades”” (Thomsen, 1951 *cited in* Daviron and Ponte, 2005:36). The standardization process focused on “the adoption and the diffusion of the same rules to define the identity of products prior to market transactions” (Daviron and Ponte, 2005:36). Standards were considered public goods because anyone could use them without reducing their availability to others (Daviron and Ponte, 2005). Here, the source of controversy regarding public standards concerned the standards that judge products, not production practices. Since consumers had no means for differentiating production processes, their consumption choices were primarily influenced by price and the product’s attributes.

The ability of nation-states to regulate food safety and quality practices was seriously challenged with the establishment in 1995 of the WTO and its concomitant international trade agreements. Neoliberal trade policies sought to enhance market efficiency by reducing state interference, encouraging instead trade regulation through the expansion of international laws enforced through transnational bodies. After World War II, international trade was limited by tariffs, quotas, and a host of nontariff trade barriers. The WTO was established with the mandate to devise rules for international trade that would facilitate global trade by reducing and even eliminating trade barriers.

The WTO has international legal status with enforcement powers similar to the United Nations (UN) and its rules are binding on member states (McMichael, 2000). The goal initially was to reduce and phase out tariffs and quotas. However, as states began to recognize that a proliferation in nontariff trade barriers could threaten the system, attention was turned to developing a series of subsidiary agreements that would restrict the use of such barriers by individual nations (Busch and Bain, 2004). For example, the Sanitary and Phytosanitary (SPS) agreement established rules for meeting standards for food safety and animal and plant health. To ensure that these standards are not overly stringent and thus function as a trade barrier, they must be based on scientific principles and scientific evidence (Nestle, 2003; World Trade Organization, 1998).

These changes, together with broader macro-political and economic shifts, have led to the deepening of market relations globally. For example, the introduction of new information and communication technologies has significantly changed production methods. This has facilitated the growth of MNCs and the development of global value chains, where production is integrated from start to finish at a regional or even global scale (Marchand, 2002). One result of these events has been the massive expansion in global trade in food and food products (Busch and Bain, 2004). Today, retailers source a significant proportion of their fresh product – especially fruits and vegetables – from thousands of different suppliers around the globe. Held (2000; 2003) argues that these shifts have diminished the capacity of the nation-state to govern while strengthening the growth in power and authority of non-state organizations. For example, a challenge for regulators is how to ensure food safety and quality from suppliers who operate under diverse – or even non-existent – sets of food regulations in dozens of different nations

(Bonanno *et al.*, 1994; McMichael, 1994; Coyle *et al.*, 2001). Within this context, many governments argued that regulations needed to be transnational in scope and applicability if they were to be effective (Marsden *et al.*, 2000).

At the same time, neoliberal discourse and political reforms have constrained the ability of governments to act in favor of extending public regulation. Central to neoliberal theory is the idea that the marketplace is the most efficient form of organization; superior at guiding human organization and behavior, setting prices and wages, and distributing resources, goods and services (Allen and Guthman, 2006; Kaldor, 2003). Competition and the laws of supply and demand provide incentives for producers to ensure that efficiency and productivity are maximized, quality is improved, and costs are reduced (Olssen, 1996). In contrast, the state is not privy to such knowledge and is unable to “second-guess market signals (prices)” (Harvey, 2005:2). Furthermore, in contrast to markets, decisions made by states are viewed as inevitably biased toward one group or another. The state is ‘captured’ by powerful interests groups (such as environmentalists or trade lobbyists) who are able to influence state decisions and distort state intervention in the market for their own benefit (Harvey, 2005). Thus, social goods for human well-being, such as food safety, workplace health and safety, or environmental protection work best through the market mechanism (Harvey, 2005). Without the bureaucratic red tape of government regulation, markets can respond to consumer demand for social goods more quickly and efficiently. While claims of efficiency are used to advocate certain institutional forms, such as private standards over government regulation, we must recognize that efficiency is not a single thing and the choice is always regarding what to be efficient about. Decisions about efficiency are decisions about whose costs

matter and whose costs should be minimized. Consequently, which institutions are selected will shape whose interests will be a cost to whom (Schmid, 2004).

It is erroneous to assume that public institutions have now simply disappeared in favor of the private sector. What proponents of neoliberalism fail to acknowledge is that there is no market independent and separate from the state and society. Markets are not natural processes or structures but are socially constructed – “created, changed, manipulated, and restructured through the actions of government, firms, and groups of firms” (Samuels, 2004:364) together with other social actors, such as NGOs. From this perspective, the idea that there is or could be such a thing as a ‘free market,’ separate from social and political interests is, according to Polanyi, a dangerous myth (Polanyi, 1944). Furthermore, markets are structured and given effect within a certain framework of legal and moral rules and institutions, what Samuels (2004) calls a legal-economic nexus. The state defines the formal rules of the market so that even what we think of as private governance always takes place within these rules.

The concept of governance coincides with the era of globalization and neoliberalism and for some governance has become “a euphemism for private power (exercised through the market)” (Peine and McMichael, 2005:19). Governance is both a descriptive and a normative concept. The term attempts to capture and in some cases, legitimate, the idea that power, authority and sanctions of the state are no longer central to governing. Rather, governing includes (or should include) a broader configuration of political agents than just the traditional state, especially private actors such as corporations, NGOs, industry associations, and multilateral entities (Busch and Bain, 2004; Harvey, 2005; Higgins and Lawrence, 2005).

For scholars of the agrifood system, governance is proving to be a useful heuristic tool for investigating the multiple actors, sites, and forms of governing that regulate the agrifood sector (Higgins and Lawrence, 2005). Rather than focus on analyses that center on local or regional analytical frameworks and paradigms within the nation-state, scholars are turning their attention to analyses that give emphasis to transnational governance structures (Gereffi, 2005). The concept of governance directs attention not only to the involvement of non-governmental actors but also to the different levels (from local to national to international) and the various contexts (e.g., organizations, value chains) in which governing takes place (van der Grijp *et al.*, 2005). Consequently, this concept has proved useful for drawing attention to the development of new sites of governance (such as MNCs, NGOs, standards-setting bodies, industry associations) whether at the local or global level, where regulatory activities are taking place (van der Grijp *et al.*, 2005).

The concept of governance has been central to scholars incorporating a perspective focused on global value chain analysis (GVCA). These scholars assert that changes to the global economy are rooted in the way it is organized and governed; thus a primary focus of this framework is to analyze changes to the organization of governance within global value chains and its implications for power relations. Within GVCs, Gereffi (1994:97) defined governance as relationships of authority and power “that determine how financial, material, and human resources are allocated and flow within a chain.” How such power is exercised is affected through particular “rules, processes and practices” (van der Grijp *et al.*, 2005:446). Governance structures and practices produce

divisions of labour along the chain, which in turn contribute to the allocation of resources and redistribute gains in specific ways (Ponte and Gibbon, 2005).

This framework emphasizes the importance of global buyers, especially retailers and brand-name companies, as key drivers today in the formation of global production, distribution and marketing systems. Gereffi (1994) argues that we have witnessed a shift away from ‘producer-driven’ commodity chains towards ‘buyer-driven’ commodity chains where lead firms, such as retailers, play a powerful role in making and enforcing decisions about production practices and structures in the global economy, even though they do not own any of the production or manufacturing facilities themselves. At the same time, GVCA recognize that retailers do not operate free of social relations. Thus, scholars are concerned with understanding the social, political and economic context in which the chain is situated as well as the array of different actors who exercise power within global production and distribution systems (Raynolds, 2002; Barrientos *et al.*, 2003). To accomplish this, the broader institutional context in which commodity chains are embedded, such as trade policy and regulations, must be examined (Gereffi, 2005).

To understand how actors within a chain are linked together and coordinated or ‘governed’ it is necessary to analyze the role of governance institutions, such as standards, audits and ‘metasystems’ (e.g., GAP, HACCP, ISO)³ (Caswell, 1998). Hands-off co-ordination and control by retailers through their supply chains is possible because complex quality information is embedded in their standards and certification requirements (Ponte and Gibbon, 2005; Humphrey, 2005). Together with other requirements (e.g., volume, price) ‘lead firms’ such as retailers use these institutions to

³ Good Agricultural Practices (GAP), Hazard Analysis and Critical Control Points (HACCP), International Organization for Standardization (ISO).

determine who gets to participate in the value chain and under what conditions.

Increasingly, such governance tools incorporate demands for CSR.

Campaigns for CSR

Principles and practices of CSR, which incorporate codes of conduct and standards addressing the welfare of producers, workers and the environment, have expanded over the past decade. While debates about the proper role of business in society are not new, according to Fabig and Boele (1999) what is new in debates about CSR is that they “are conducted at the intersection of development, environment and human rights, and are more global in outlook” (*cited in* Blowfield and George, 2005:500). The general expectation is that businesses who support CSR should establish policies and practices that enhance not only their economic performance but also their social and environmental performance – otherwise known as the ‘triple bottom line’ – wherever they operate in the global marketplace (Winston, 2002; Santoro, 2003).

Significantly, however, there is no single, coherent definition of CSR, and the vagueness of the concept has allowed it to be interpreted and adopted by different actors for different purposes (Blowfield and George, 2005). Recognizing this, Blowfield and George (2005:503) argue that it is better to think of CSR as a concept that incorporates a range of theories and practice, which all recognize the following:

(a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals; (b) that companies have a responsibility for the behaviour of others with whom they do business (e.g. within supply chains); and (c) that business needs to manage its relationship with wider society, whether for reasons of commercial viability or to add value to society.

Nevertheless, what does distinguish CSR is that companies establish such initiatives *voluntarily*. In contrast to public institutions there are no state regulatory mechanisms established to monitor and enforce the implementation and compliance with such standards. Rather, the expectation is that such standards are enforced through market sanctions via the buying behavior of buyers and consumers (O'Rourke, 2006).

Social activist campaigns for CSR took off in the mid-1990s, largely in response to a number of high-profile social and environmental catastrophes. These included, for example, the toxic leak at a Union Carbide pesticide factory in Bhopal, India; the *Exxon Valdez* oil spill in Alaska; Shell Oil operations in Nigeria; the spread of bio-engineered food and agricultural crops; continued tropical deforestation; the spread of HIV/AIDS; and the exposés of sweatshop labor by major branded corporations, such as Nike and Gap (Klein, 2002; Utting, 2005). These disasters heightened the concerns of globalization critics about the consequences of the unregulated power of MNCs.

A concern by many anti-globalization activists is that states are less able to control the international movement of capital. Lehmann (1997:571) argues that globalization has “placed a question mark over the very notion of a ‘country’ as object – let alone subject.” As financial markets and production chains have globalized, governments have found themselves increasingly constrained in determining national policy decisions. That is, they now have to carefully consider any policy initiative, such as interest rates, taxation, or regulations for social welfare and the environment, and whether the policy might affect the rate of return on investment, which in turn might increase the “risk of capital flight or reduced inward investment” (Koenig-Achibugi, 2003:4). This process has led many people to feel that “democracy is being ‘hollowed

out;” that is, while national “democratic institutions and procedures” remain formally in place, in practice “the range of feasible options has shrunk as a result of the constraints imposed by international markets and the investors’ threat of ‘exit’” (Koenig-Achibugi, 2003:5).

In the context of this changing political and economic landscape the response of many NGOs and social activists was to shift their attention away from trying to change the policies and practices of the nation-state. Increasingly, these groups sought to advance their broader social and environmental objectives through engagement with the corporate sector.

It is important to recognize that campaigns for CSR are not homogeneous. Rather, their strategies and goals tend to reflect the particular ideological perspective of the NGO or activists involved. Perhaps the most effective approach is to publicly shame and stigmatize corporations into changing their behavior by publicizing cases of malpractice within their supply chains (Gereffi *et al.*, 2001; Klein, 2002). Working on the idea that “high-profile brand-name corporations can run but they cannot hide” (Utting 2005a:380) these campaigns target highly visible, reputation-sensitive, corporate brands at the retail end of the supply chain – those with direct links to consumers. By focusing on brand names with high visibility or symbolic value, such as Starbucks, Disney or Coca-Cola, campaigns are more likely to resonate with the wider public and most importantly attract media interest (Bendell, 2004; O'Rourke, 2005). As the activists who target the McDonald's Corporation explain on their McSpotlight website: “Nobody is arguing that the huge and growing global environmental and social crisis is entirely the fault of one high-profile burger chain, or even just the whole food industry. McDonald's are of course

simply a particularly arrogant, shiny and self-important example of a system which values profits at the expense of anything else” (McSpotlight, 2005:npn).

Rather than publicly shaming companies, another important NGO strategy focuses on working with corporations to change their behavior. Here, activists collaborate with businesses to develop company codes of conduct, labor and environmental standards, and auditing systems that they hope will influence business practices. However, a similar strategy applies – NGOs aim to work with the largest, most influential corporations. Their hope is that, if they can get these companies to make changes, they can effect changes throughout the entire industry (O'Rourke, 2005). Examples of such multi-stakeholder initiatives within the agrifood sector include the Marine Stewardship Council's (MSC) Sustainable Fishing Programs, the Rainforest Alliance's ECO O.K. Programs, Social Accountability International (SAI), that is best known for its voluntary standard and auditing program, SA8000, which is based on ILO (International Labour Organization) and UN conventions, and the Ethical Trade Initiative (ETI) in the UK.

Concerns regarding CSR are especially pertinent within the agrifood sector since the sector arguably represents the convergence of human rights, animal rights, community and environmental issues more than any other group of commodities. As supermarkets have globalized, their supply chains have become increasingly complex while at the same time demands by stakeholder communities have become more challenging to meet. This sector has to confront concerns not only about food safety but also regarding environmental hazards, genetic engineering, the use of pesticides, child and forced labor, health and welfare issues related to agricultural laborers, and animal

welfare. Criticism of the highly concentrated UK food retail sector by NGOs has been particularly vociferous. Fox and Vorley (2004:v) explain that here:

Supermarkets are accused of driving a ‘race to the bottom’ by procuring food ‘grown anywhere, anyhow’ without care for standards of labour, the conservation of wildlife and landscapes, the livelihoods (or even survival) of family farms, the congestion of roads, the demise of the high street, the management of waste, the welfare of farm animals, or the health and food security of neighbourhoods. They are accused of running huge, centralised distribution systems along extractive ‘food-in, profits-out’ lines.

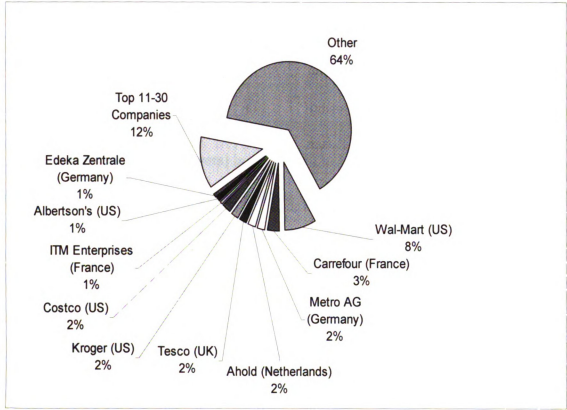
Voluntary initiatives designed to regulate corporate behavior have also won support from some governments, especially in the UK and Western Europe, and among international organizations, such as the European Union (EU) and the United Nations (UN). The assumption here is “that firms are capable of policing themselves in the absence of binding international and national law to regulate corporate behaviour” (Blowfield and George, 2005:502-503). Furthermore, it is wrong to assume that the business sector is hostile to CSR. Rather, many corporations favor initiatives that advocate voluntary self-regulation in lieu of ‘control’ by the state and business proponents value CSR initiatives as a means of protecting brand-name reputation and managing economic risk. I now turn to deal with these themes in more detail within the context of the UK retail food sector.

Retail Power and Retail Strategies

For most of the post-World War II period, food retailing was dominated by regionally operating companies who sourced products locally through traditional wholesalers and spot markets. More recently, however, a handful of retailers have emerged as global giants and come to dominate the food retail sector (see Figure 1). For example, EurepGAP members Ahold (Netherlands), Tesco (UK), Metro (Germany), and Edeka

(Germany) are among the top ten global food retailers. In 2004, these top 10 retailers had combined sales of \$840 billion, up from \$513.7 billion in 2001. Their sales accounted for 24 percent of the estimated \$3.5 trillion global market, up from 18 percent in 2001. Furthermore, the top 30 food retailers control an estimated 36 percent of the global retail food market (with revenues of \$1,262 billion in 2003/2004) (ETC Group, 2005). Some experts predict that by 2010 food retailing will be dominated by only 10 major supermarkets (Fox and Vorley, 2004).

Figure 1: Global market share (%) controlled by the top ten global food retailers (ETC Group, 2005).



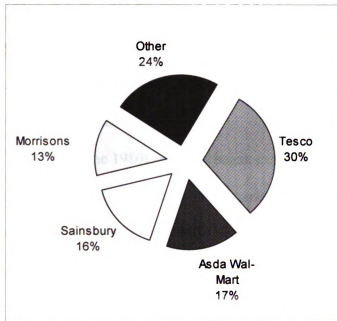
While retail concentration is occurring in most industrialized countries, it is most pronounced in the UK. Although concentration of the sector began in the 1950s, consolidation really took off during the 1980s with large-scale deregulation (Hughes

2005). Hughes (2005:143) argues that a *laissez-faire* regulatory environment in the UK meant that “mergers and acquisitions and oligopolistic practice in the [food] sector have rarely been challenged by the state.” As well, the liberalization of international trade, intense competition, new communications and transportation technologies, and the development of new models of operation (i.e., supply chain management) facilitated the concentration of this sector.

In 1991, the concentration ratio (CR4) of the top four retailers (Tesco, Asda, Sainsbury’s, Morrisons) stood at around 47 percent (Burt and Sparks, 2003), and by 2004 it reached around 75 percent (a contributing factor was the takeover of Safeway by Morrisons) (see Figure 2). The largest retailer, Tesco, controls 30 percent of the UK market alone. Together with Wal-Mart-owned Asda, these two retailers control nearly half the market.⁴ According to a UK Food Group Briefing a “strong oligopsony (i.e., a market dominated by a few buyers) is considered to occur when the CR4 rises above 50%” (Tallontire and Vorley, 2005:5). While regional concentration does vary, these four major chains are national chains, with a presence in every region (Burt and Sparks, 2003).

⁴ In most developed countries, market share of the top five retailers has increased significantly over the past 10-15 years. For example, the concentration ratio of the top five retailers (CR5) in Germany increased from 45 percent in 1993 to 68 in 2004, in the Netherlands from 52 percent to 68 percent, and in the US from around 24 percent to 48 percent in 1999.

Figure 2: Retail market share (by total sales) of UK food retailers in 2005⁵ (Source: Vorley, 2005).



Market share is a key measure of success in the marketplace (Fox and Vorley, 2006). Certainly, it is widely recognized that these corporations wield an extraordinary amount of economic and trade power. With greater market share retailers are able to take advantage of economies of scale to extract better terms from their suppliers through their centralized supply systems (Henson and Reardon, 2005). The UK Competition Commission's (2000) report on supermarkets concluded that there was evidence that UK supermarkets "were abusing their position of power and engaging in practices that adversely affected the competitiveness of suppliers" (Tallontire and Vorley, 2005:5). For example, they found that Tesco with 25 percent of the market share at that time was able to "consistently obtain discounts from their suppliers 4 percent below the industry average" (Fox and Vorley, 2006:168). This power together with shifting sourcing strategies has facilitated the growth in global value chains and improved the bargaining

⁵ Morrisons includes Safeway. Market Share (grocery only) is slightly higher at 76.5 percent.

power of retailers in their relationships with their suppliers and producers. With the overwhelming majority of fresh produce sold through retailers, producers have few options but to deal directly with these chains. Increasingly, these major food retailers decide who, where, and under what conditions much of the world's food for export should be produced and sold.

From the 1980s, retailers began to utilize logistical and distributional innovations to centralize their procurement and marketing operations. This allowed them to take advantage of economies of scale. Supply chain management (SCM) has allowed retailers to achieve considerable rationalization within their supply chains. SCM is a procurement model that is designed to make the distribution system more efficient by eliminating non-value-adding transaction costs. For example, new technologies, such as bar codes and streamlined inventory control, allow retailers to track sales, minimize in-store inventory, and use 'just-in-time' procurement practices (Freidberg, 2004b; Konefal *et al.*, forthcoming 2007).

With the move away from fragmented procurement centers towards centralized supply systems it is no longer cost effective for retailers to deal with many different suppliers from different locations. Rather than relying on wholesalers and spot markets, where the supply and quality of fresh fruits and vegetables is often unreliable, retailers now prefer to deal directly with a small number of suppliers. The aim is to "eradicate the...uncertainties and variability associated with trade relationships," especially with fresh produce (Freidberg, 2004b:194-195). This can be accomplished by relying on fewer suppliers who can meet their specific standards in regard to volume, size, variety, quality,

and consistency of product on a year-round basis (Busch and Bain, 2004; Freidberg, 2004b; Friedberg, 2004; Henson and Reardon, 2005; Barrientos and Dolan, 2006b).

Aside from the cost advantages of using market power to centralize and streamline their operations, several other important factors came together motivating retailers to increase control over their supply chains. These stimuli included regulatory reforms; crises in the agrifood sector that escalated concerns about food safety; the shift to an economy of qualities; and demands for CSR, which the following sections examine in more detail.

New Food Safety Regulation

During the 1990s, the UK government and the EU created a regulatory environment that has proved enormously influential in shaping new private governance structures within supply chains for fresh produce. Perhaps the most important example of this shift in the regulatory environment was the UK's 1990 Food Safety Act. This Act requires retailers and food processors to demonstrate 'due diligence' by doing everything reasonably possible to ensure the safety and quality of their own-branded products throughout their supply chains. All fresh produce sold in unpackaged form is now considered to bear the brand of the retailer. The threat of legal liability encouraged retailers to design and implement new safety and quality standards and control systems that they could impose on all their suppliers regardless of their country of origin (Levidow and Bijman, 2002).

Changes to UK and EU policy regarding pesticide residues have also proved to be influential with respect to private sector governance strategies. The UK government has a national program for testing pesticide residues that incorporates a policy of 'naming and shaming.' The government requires that the Pesticide Residues Committee (PRC)

responsible for the program make the results of its surveillance program publicly available by publishing the results from its residue testing on its website. Within the EU, all imported fruits and vegetables must comply with the relevant maximum residue levels (MRLs) for a given active substance in combination with a given commodity (Lee, 2006). The EU has a testing procedure to ensure compliance with MRL tolerances, as well as a 'rapid alert system' that is designed to share information among countries when MRLs are exceeded. These changes have encouraged retailers to require their suppliers to adopt cultivation methods that use fewer and supposedly more benign pesticides (Levidow and Bijman, 2002). More broadly, all exporters to the EU are required to comply with international agreements governing food safety, such as the WTO's SPS and TBT (Technical Barriers to Trade) Agreements, and since January, 2005 all horticultural imports into the EU have to meet mandatory traceability requirements.

Failure to demonstrate 'due diligence' in finding or preventing food safety problems, or failure to meet MRLs could pose considerable reputational and financial risks to a retailer. In response, retailers were motivated to increase their level of monitoring and control over their supply chains. In 1994, retailers began to work with producer groups in the UK to develop quality management systems (Jaffee and Masakure, 2005). A first step was to develop an Integrated Crop Management (ICM) Partnership designed to deal with chemical residues, increase food safety and ensure environmental sustainability for fruits and vegetables. Under the umbrella of the British Retail Consortium (BRC) retailers worked together to develop a common set of food safety standards. In 1998, they created the BRC Food Technical Standard (Jaffee and Masakure, 2005).

These examples support the argument made by a number of scholars (Levidow and Bijman, 2002; García Martinez and Poole, 2004; van der Grijp *et al.*, 2005) that such private-sector initiatives “do not constitute a regulation-free alternative to public policy” (van der Grijp *et al.*, 2005:447). Rather, what we find today is “a new paradigm for stakeholder relationships characterized by complex interactions between public and private modes of regulation” (García Martinez and Poole, 2004 *cited in* van der Grijp *et al.*, 2005:447). Nevertheless, what has changed is that the state tends to play “the role of facilitator and the market that of regulator” (van der Grijp *et al.*, 2005:447).

Crisis in the UK Agrifood Sector

Imperative to any discussion about changes to retail practices in the UK is the backdrop of social and political crises that shook the agrifood sector from the mid-1990s — from ‘mad cow’ disease (bovine spongiform encephalopathy, or BSE), to outbreaks of the potentially fatal foodborne pathogens *Salmonella* and *E. coli* 0157:H7. Most recently in 2001, a foot and mouth epidemic spread among the country’s livestock and horrifying images of funeral pyres of burning livestock and distraught farmers filled the media. NGOs, the media, and the government placed much of the blame for the crisis on retailers. Their practice of transporting livestock long distances across the country to centralized slaughterhouses was seen as largely responsible for the scope and rapid spread of the disease (Freidberg, 2004a). Overall, these crises created widespread public anxiety regarding the health and safety of the food system and compelled many citizens to question how their food was produced and processed. In response, retailers felt compelled to monitor food safety within their supply chains more closely by implementing better

traceability mechanisms as well as intervening more directly in producer practices (Codron *et al.*, 2005).

Undoubtedly, the most controversial case was that of BSE and the acknowledgment in 1996 by the government that the consumption of infected meat was linked to the human equivalent vCJD (variant Creutzfeldt-Jakob disease). This admission came after years of reassurances that the national beef supply was safe for consumption. According to the UK's National Creutzfeldt-Jakob Disease Surveillance Unit, the disease led to the deaths of some 84 people between 1990 and the end of 2000 (since then a further 70 people have died). As a result, the government was widely criticized for its perceived disregard for public safety. Its failure to adequately respond to and be explicit about the risks associated with BSE fueled public distrust in the government's ability to ensure the safety of the food supply. Gaskell *et al.*, (2001a:295) sum up the consequences of the BSE experience as follows:

The BSE fiasco raised many concerns beyond the frightening prospect of vCJD – concerns that are likely to have a lasting impact on public attitudes to agriculture, food safety and scientific risk assessment. To their shock, the public learned that modern farming methods had turned cattle into cannibals.... They learned that there were risks beyond the grasp of science and that statements by scientists and politicians about the absence of risk could not always be trusted. And they learned that what one eats today may lead to dire consequences in years to come.

In light of the BSE/CJD catastrophe, attempts to introduce GM foods amidst claims by the government and the biotech industry that GM products were safe, were greeted with trepidation by the general public (Gaskell *et al.*, 2001b). From the mid-1990s, groups such as Friends of the Earth and Greenpeace began to organize high-profile protests, consumer education campaigns, and mass boycotts in an effort to influence consumers and pressure the major supermarkets to reject and stop selling GM

food (Marsden, 2000). Drawing links between the introduction of GM foods and the country's experience with BSE/CJD, anti-GM activists hoped to gain support for their campaigns by appealing to public anxieties regarding the BSE scandal. For example, they argued that once again unsafe and untested food was being forced on consumers. These claims resonated with a broad section of the general public, whose distrust of public food safety regulators and scientists had made them wary of the claims made by GM proponents (Barling, 2002).

Campaigns waged by NGOs, together with the massive media coverage that the issue received, contributed to a significant decline in public support for GM foods. For example, a Eurobarometer survey on biotechnology found that opposition to GM food among the British public rose from 33 percent in 1996 to 53 percent in 1999 and that 96 percent of the population thought that these products should be labeled. Schurman (2004) argues that this shift in survey results in the absence of any GM-related disaster is evidence of the strong impact that the anti-GM movement had on public opinion.

The public revolt against GM foods put retailers on the defensive, concerned that a reputational crisis could lead to a loss in company value and a loss of revenues. In response to the protests and boycotts the leading supermarkets sought to regain public trust by moving to establish their own product lines free from GMOs. The frozen food retailer, Iceland, initiated this response by guaranteeing that after 1 May 1998 none of its own-brand products would contain any GM ingredients. Iceland's own market research had demonstrated that over 80 percent of its customers wanted to avoid buying GM foods (Marsden, 2000). Painting themselves "as a socially responsible corporation," which had responded to the demands of their customers, their actions helped put pressure on the

other major retailers to change their GM food policies (Schurman, 2004:260). Thus, by 1999 despite EU approval of GM grain as safe for use in both food and animal feed, the main retail chains had excluded GM ingredients from their own-brand products (Levidow and Bijman, 2002).

An Economy of Qualities

Within the UK, rising incomes, changing demographics (e.g. women working full-time, growing immigrant populations), and greater concerns about the safety and quality of food in the wake of major food crises, have helped change the nature of the marketplace for food (Fulponi, 2006). For example, a Nielsen survey in the late 1990s found that less than 30 percent of UK respondents said that ‘price’ was the primary factor in choosing a grocery store (in contrast to 60 percent or more of respondents in France and Spain) (Jaffee and Masakure, 2005).

In light of these shifts the concept of quality has become central to any discussion about the strategies and practices of food retailers. As food retailing has become more oligopolistic retailers prefer to minimize price competition and compete as much as possible on the basis of other qualities⁶ (Reardon *et al.*, 2001; Burt and Sparks, 2003; Busch and Bain, 2004; Henson and Reardon, 2005). Quality refers to the specific attributes of the food or commodity, such as safety, appellations, or production processes, which are emphasized and regulated (Watts, 1997). For major retailers, market power today is no longer simply a question of market share but it is also about the ability to define and capture value attributes (Levidow and Bijman, 2002). Schaeffer (1991) argues

⁶ This is not to say that price competition is about to disappear any time soon. Retailers continue to emphasize their prices in their marketing efforts. For example, Tesco argue that bringing lower prices to their customers remains a priority and that they have invested £281 million to help them reduce their prices. Further, Tesco is accused of conducting a price war with its competitors in an attempt to expand market share. However, retailers recognize that an all out price war is a lose-lose situation.

that struggles over standards are fierce not because of concerns about the ‘intrinsic’ qualities of the thing but because the standard is about “profit, market share, premium prices, consumer loyalty and monopoly rents” (*cited in* Busch, 2000:277).

Retailers seek to differentiate their products based on certain attributes and then market these qualities to consumers. Thus, instead of merely selling products, more and more purveyors of goods are selling an experience, a process of production, a brand, and an image. A banana is no longer simply a banana when it can be marketed as an ‘organic’ banana or a ‘Fairtrade’ banana. Claims about quality are often based on *credence* characteristics. Reardon *et al.* (2001:424) explain:

A credence good is a complex, new product with quality and/or safety aspects that cannot be known to consumers through sensory inspection or observation-in-consumption.... The quality and safety characteristics that constitute credence attributes include the following: (1) food safety; (2) healthier, more nutritional foods (low-fat, low-salt, etc); (3) authenticity; (4) production processes that promote a safe environment and sustainable agriculture; (5) ‘fair trade’ attributes (for example, working conditions).

Imports of fresh fruits and vegetables have become critical to retailers’ differentiation strategies as they fight for market share. The quality and diversity of fresh produce is one of the items that will attract a consumer to one store versus another. In 2003, 84 percent of fruit and vegetables sold at retail in the UK was through major supermarket chains (compared with France where the popularity of open air food stalls means that supermarket chains only control 37 percent of the market (Jaffee and Masakure, 2005). Moreover, it is also one of the most profitable items carried by retailers, “bringing in higher returns per square meter of shelf space than any other major supermarket category” (Freidberg, 2004b:176).

As a result, the global sourcing of fresh fruits and vegetables by major food retailers has risen dramatically over the past decade. The overwhelming majority of UK fruit supplies (an estimated 90 percent) now come from imports (Bryt, 2005). Sourcing globally allows retailers to ensure a continuous year-round supply of most fruits and vegetables, such as tomatoes, cantaloupes, or artichokes. Imports also allow retailers to expand their niche produce markets through imports of ‘exotic’ or specialty produce, such as Chilean cherimoyas or South African baby pineapples (Konefal *et al.*, forthcoming 2007). Consumption of fresh fruit in the UK has continued to increase since the 1970s, which experts believe reflects the wider selection of fruits now available as well as efforts to get consumers to eat a wider variety of food that is fresh and healthy (Jaffee and Masakure, 2005; IGD, 2007).

To successfully compete on the basis of quality, retailers must develop their own institutions, such as brands, labels, standards, or certification systems, that allow them to emphasize value and market different product attributes to consumers. Private standards allow corporations the flexibility to encompass a variety of quality attributes that public standards do not (Farina and Reardon, 2000; Reardon and Berdegue, 2002; Sporleder and Goldsmith, 2001). Rather than ‘neutral market lubricants,’ supermarkets view agrifood standards as strategic business tools. That is, businesses use private standards today *strategically*, whether it is to gain access to new markets, to coordinate their operations, to provide quality and safety assurance to their consumers, to complement their brands, or to define niche products and markets (Farina and Reardon, 2000; Giovannucci and Reardon, 2000; Reardon *et al.*, 2001; Konefal *et al.*, 2005).

For example, in an effort to respond to concerns about health and the healthiness of food, retailers are using their private labels to make health claims such as “healthy,” “natural and organic,” “low-carb,” and “free from” (Konefal *et al.*, forthcoming 2007). Tesco (2006) has its *Healthy Living* range, and its *Free From* (e.g., wheat, gluten and/or dairy) range – for customers who suffer from food allergies or intolerances, such as nuts or dairy products. It has also begun to use labels on their products indicating the glycaemic index and carbohydrate content of foods. Sainsbury’s (2006:20) explains that its health pledge is to make its own-brand products “as healthy as they can be” by, for example, removing all hydrogenated fats and setting rigorous targets for reducing salt, fat and sugar levels in all their own-brand products as part of supporting and promoting a healthier lifestyle. Its own-brand products include *Be Good To Yourself*, and *Sainsbury’s Kids*, a range of healthier foods (i.e., free from artificial colors and flavorings) aimed at children.

European retail chains have led the way in establishing brands and labels that are designed and used to symbolize ‘high’ quality (Quick, 2003).⁷ In the UK, market share of own-brands is around 50 percent – the highest in Europe (Marsden *et al.*, 2000). In brand recall surveys, food retailers now have many of the brand names most easily recalled by consumers (Burt and Sparks, 2003). Own-branded products are seen as strategically important over manufacturer brands for a number of reasons: They allow retailers to distinguish their products from their competitors; they enhance a company’s image; they generate loyalty from customers because they provide assurances about a product’s value and qualities; they provide retailers with greater control over product marketing and

⁷ In contrast, store brands in the US, such as the Kroger or Meijer brand, were until recently considered cheap generic substitutes for major labels.

development; they help consumers reduce the transaction costs involved in selecting products; and perhaps most importantly they provide higher profit margins (Henson and Northen, 1998; Fox and Vorley, 2004) However, as the following sections detail a focus on quality and branding has proved to be a double-edged sword for retailers.

Contesting the System

The dominance of just a few major retailers has fuelled widespread criticism about their power and influence in the marketplace. Reports in the UK press have argued that retailers are “exploiting their market power to the detriment of suppliers and consumers” (Burt and Sparks, 2003:237). In fact, widespread concerns by the press and others throughout the mid-to-late 1990s compelled the government to order a Competition Commission investigation of the sector. Burt and Sparks (2003:237) explain that while “the Commission found little evidence of abuse of market power in terms of pricing and profits, it did express concerns over treatment of suppliers.” The Commission’s report did little to dampen the clamor against these companies. Many feel that public policy in the UK is not only serving corporate interests but that it is also being excessively influenced by them. Furthermore, Tesco’s ubiquity “on the high street and in the news”, together with its size and perception as a bully (Haddleton, 2006:6), makes it a useful symbolic target for activist campaigns.

Media accounts, investigative reporting, and other studies have played a key role in supporting and publicizing claims of malpractice in the retail sector. Such research and reporting has involved a diverse range of organizations, from the Food Ethics Council (e.g., MacMillan, 2005), the UK Food Group (e.g., Tallontire and Vorley, 2005), as well as church groups (e.g., Christian Aid, 1999), social activists (e.g., Michaels, 2002;

Raworth, 2004), and the popular media (e.g., Blythman, 2005). A BBC documentary *Trolley Trouble* (2002) critiqued the major retailing oligarchies, contrasting, Freidberg (2004:176) writes, “shots of decadent abundance—store shelves and kitchen tables crammed with food, feasting partygoers—with images of monoculture fields and farmers and small towns ruined by the whims of mega-retailers.” In another example, Greenpeace wrote *A Recipe for Disaster. Supermarkets’ Insatiable Appetite for Seafood* (2005), which compares and ranks UK supermarkets in terms of their sustainable seafood policies. Greenpeace (2005:7) concludes that despite the assertions being made, retailers were continuing “to purchase seafood with little consideration for the health of the seafood stocks they sell and with even less concern for where or how it was caught or for the impacts on the wider marine environment.”

More recently, retailers have found themselves the targets of internet based campaigns, the number of which seem to grow with each passing year. Here, activist groups utilize the web to raise awareness about what they perceive as negative supermarket practices. These websites are also used to publicize details about anti-supermarket protests and to share activist campaign experiences. For example:

The **AsdaWatch** website (<http://www.asdawatch.org/>) was established by the anti-poverty group, War on Want. The group works with trade unions, campaign groups, charities and NGOs as part of their “Corporate Accountability” campaign. With the support of the GMB (Britain’s General Union), the goal of AsdaWatch is to monitor the chain’s practices, especially in relation to its employment practices and treatment of overseas suppliers.

Parodying Tesco's "Every Little Helps" corporate slogan, **Tescopoly (every little hurts)** (www.tescopoly.org.uk/) is an alliance of seven national organizations who are concerned about the excessive market power of Tesco, as well as the growing power of the other major UK supermarkets. The Alliance includes the GMB, Friends of the Earth, War on Want, and Women Working Worldwide, among others. Established in 2005, Tescopoly aims "to highlight and challenge the negative impacts of Tesco's behaviour along its supply chains both in the UK and internationally, on small businesses, on communities and the environment." The campaign also advocates national and international legislation, which they believe is necessary to curb the market power of all the major British supermarkets (Tescopoly, 2007). Tescopoly developed their website to provide publicly accessible space for different groups to educate the public about the harmful trading practices of retailers. At the same time, they see their website as a means for linking interested readers to other activities and web information, and for helping activists coordinate their protests and share campaign experiences.

Breaking the Armlock (www.breakingthearmlock.com) is an alliance of 17 farming, consumer, development and environmental organizations calling for stricter controls over the major supermarket's trading practices. In particular they are concerned that retailers are passing on unreasonable costs and demands to farmers and growers in the UK and overseas. The alliance is campaigning for a mandatory Code of Practice for the supermarkets in their dealings with suppliers and calling for an independent and proactive watchdog.

Other activist groups devote part of their websites to anti-retailer campaigns. For example, **Friends of the Earth**, which claims to be the UK's most influential

environmental group, uses their website to promote their Real Food Campaign (www.foe.co.uk/campaigns/real_food/). The group criticizes the actions of major retailers on issues such as food safety, GMOs, fair trade, and the use of pesticides. **Corporate Watch** (www.corporatewatch.org) has produced several extensive reports on retailing including *What's Wrong with Supermarkets* (Michaels, 2004), first published in 2002 and now in its fourth edition. In 2006 they produced *Check-out Chuck-out. A DIY to Stopping Supermarket Developments* (Corporate Watch & Grassroots Action on Food and Farming, 2006). The group uses the phrase “The Tesco-isation of Britain” to capture the negative impact the company is having on society (Jones *et al.*, 2006).

The list and campaigns go on! Briefly, other websites include: **Every Little Hurts** www.everylittlehurts.org.uk, which was set up to highlight the scale of Tesco's national programme of closing community post offices; **Tescno** <http://www.tescno.co.uk/>; **Say No to Tesco** <http://fielgarvie.co.uk/sut/sofar.html>; **Tesco Town** <http://www.tescotown.co.uk/>; **Very Little Helps** <http://www.verylittlehelps.com/>; finally, www.supermarket-sweep-up.com is a blog devoted to keeping an eye on supermarket behavior.

Ironically, the governing strategies and practices of retailers, including efforts to centralize their operations and govern their supply chains more closely, have aided anti-corporate retail campaigns and made the supermarkets more vulnerable. Barrientos and Dolan (2006b:5), who both have done extensive research on ethical trade initiatives, describe why social activists have been able to take advantage of these changes and put pressure on the large corporate buyers and retailers. They explain:

Where food is produced and distributed via open markets, it is difficult to trace its origins to a specific retailer, manufacturer or importer, let

alone relate any malfeasance to a particular production site. Fragmented supply chains conceal the social relations and exploitative practices of production. By contrast, where food is produced in more integrated supply chains, it is possible to trace the effects of production on specific groups of small producers or workers, and link any adverse impacts to specific manufacturers or supermarkets.

Since retailers now deal directly with their suppliers and these suppliers pack the produce in packaging that carries the supermarket's brand, it is fairly easy for NGOs or the media to identify and expose unethical practices in the supply chain and link it to a specific corporation.

An emphasis on branding and quality then has proved to be a double edged sword for retailers. Retailers hope to distinguish themselves from their competitors and develop customer loyalty through marketing their brands and labels as superior and trustworthy. However, in doing so they expose themselves to greater risks if a problem should arise. For example, if the Tesco brand is linked with child labor or destructive environmental practices, the image of the company could be severely tarnished. One of the best known examples of such an exposé was the widely-viewed BBC documentary in 1997, *Mangetout*, which created considerable image problems for retailers. The film contrasted the conditions between “the impoverished and precarious livelihoods of workers on a Zimbabwean horticultural export farm with the affluence and apathy of shoppers at Tesco” as well as the royal treatment given to a Tesco buyer visiting the farm (Freidberg, 2004:179).

As the interface between producers and themselves, consumers tend to hold retailers responsible for the safety and quality of products sold in their stores, especially in the case of retailer-branded products (USDA/FAS, 2001). Activists know this. As explained above, to be effective and utilize their limited resources the strategy of many

activist groups is to attack “branded, reputation-sensitive firms” (O’Rourke, 2005:119); those companies whose brand(s) in the marketplace is well established, widely recognized and thus enormously valuable. The risk to retailers is that these campaigns will damage their reputation and undermine consumer trust in their brand. The fear is that bad publicity could affect the shopping habits of consumers, potentially leading some consumers to shift allegiances to another store (Freidberg, 2004a). Profit margins for retailing are narrow and retailers worry that even a small decline in shoppers could affect sales, lead to a loss in market share and a drop in share prices (Barrientos and Dolan, 2006b).

Retailers Respond

Faced with this growing criticism that had the real potential to damage their reputations and thus bottom line, retailers have begun to work hard to counter these claims with portrayals of themselves as good corporate citizens. From around 2000, the major retailers – Tesco, Sainsbury’s, Asda, Morrisons, as well as several of the smaller but still important firms, Somerfield, Marks & Spencer, and Waitrose – began to adopt a more proactive stance towards discussing their efforts to be socially responsible. Retailers began to publicly embrace the discourse of corporate social responsibility,⁸ arguing that it is “at the heart of what we do” (J. Sainsbury plc, 2006:2) and “embedded in our business” (Tesco, 2006:8). While Asda rather boldly asserts on its website: “We believe in low prices, but not at any cost! We’re committed to ensuring the goods we sell are produced without exploitation.”

⁸ Interestingly, both Sainsbury and Tesco dropped the use of the word ‘social’ in their 2006 reports, preferring the phrase ‘corporate responsibility’ instead. Some companies have opposed the phrase CSR, arguing that it puts the emphasis on the ‘social’ rather than on the ‘corporate’ (Ward and Smith 2006).

To this end, most of these firms now publish annual “CSR Reports”⁹ that provide an important means for shaping stakeholder opinion. Between the glossy, photo-filled, reader friendly pages, the companies’ views, policies and practices regarding a wide-range of CSR issues are neatly and appropriately packaged for public consumption. Here, retailers eagerly point to a dizzying array of new policies, standards, codes of conduct, certification and labeling schemes that have been developed in an effort to implement, measure, monitor and publicize their CSR practices, as well as their collaborative efforts to work with a range of stakeholders. In a broader context of hype about the importance of “transparency” and “trust” (Hofstede *et al.*, 2004) companies are mindful that public perception is a critical aspect of CSR. Transparency is seen as an “outward sign of integrity” (Strathern, 2000:2) and is therefore critical to ensuring stakeholder trust.

While the reports are available to anyone, they are mainly targeted at shareholders, investors, civil society organizations, and policy makers and not the general public (Jones *et al.*, 2007). However, Jones *et al.* (2006) explain that many of the larger retailers also use a range of media within their individual stores, such as posters, television monitors, and information flyers to communicate to their customers messages about for example, the environment, fair trade, healthy eating or sourcing locally.

In analyzing retailer discourse for CSR it is important to note that there is no single ‘CSR strategy.’ Rather what we find is that supermarkets are adopting a range of CSR policies and tactics. This diversity reflects the fact that CSR is a highly subjective concept, meaning different things to different people. This provides corporations with considerable latitude for determining how they wish to, or feel the need to, respond in

⁹ While Asda and Somerfield do not publish a CSR report they do have a section of their websites devoted to discussing these issues.

this regard. For example, in their CSR annual reports, retailers discuss what they are doing (the level of specificity varies) to address a wide range of issues that might include, food safety, GMOs, animal welfare, pesticide residues, support for local farmers, support for local communities, fair trade, ethical trade, and environmental sustainability.¹⁰

Regardless of tactics, what retailers do recognize is that CSR makes good business sense, whether to protect their valuable brand-names, minimize risk, take advantage of lucrative new ‘ethical’ markets, or to help quell calls for tighter legislation. Within this context, firms try to shape their CSR policies to fit with their broader business goals and objectives.

CSR as Niche Market. For instance, supermarkets recognize that there is a valuable market in the growing niche of consumers who are willing to spend more money on products that make them feel like they are acting in a socially responsible fashion (McLaughlin, 2004). The development of niche markets, such as Fairtrade or organics, can be highly lucrative for retailers (Stecklow and White, 2004), allowing firms to differentiate themselves from their competitors and expand market share. At the same time, retailers use these highly profitable ethical markets to demonstrate to shareholders, activist groups, and some consumers their responsiveness to ethical concerns.

Fair Trade is a good example of this. In 2005, the retail value of Fairtrade labelled products in the UK was €413 million (in Europe it was €597 million)¹¹ (Barrientos and Dolan, 2006b). In an examination of Fairtrade bananas and coffee, Stecklow and White (2004) found that Sainsbury’s, Tesco and Waitrose were able to charge much higher

¹⁰ It is important to note that when I cite statements or assertions made by retailers from their CSR reports, I am not making any claims regarding the truthfulness, falsehood, or accuracy of these assertions.

¹¹ The UK market for Fairtrade is still tiny compared to the overall market for food and beverages. In 2003, “sales accounted for only 0.13 per cent of the UK £76 billion spent on food and drink...or 0.07 per cent if catering services are included” (Fox and Vorley, 2006:175)

markups on Fairtrade products than conventional ones. For example, Tesco added \$3.46 to their Fairtrade coffee (46% more than their regular coffee) yet Fair Trade growers only receive about 44 cents above the world market price of 82 cents a pound. In fact, the market is lucrative enough that supermarkets have developed Fairtrade labeled own-brand products. In 2001, Sainsbury's launched its own-brand Fairtrade label and in 2004, Tesco launched its range of own-brand Fairtrade products that includes tea, coffee, chocolate, cookies and orange juice, and some fresh fruit, such as bananas, mangos and plums (Barrientos and Dolan, 2006a). In 2006, Marks & Spencer¹² announced that all of its teas and coffees would be converted to Fairtrade-certified only, and that it would extend its share of products made with Fairtrade cotton (Codron *et al.*, 2006).

Rather than demonstrating a commitment to 'fairness and justice' throughout their supply chains, some critics argue that Fairtrade demonstrates that in general retailers see this niche market form of social responsibility simply as a 'consumer choice' rather than as a means to transform their mainstream standards and core business practices (Fox and Vorley, 2006; Tallontire and Vorley, 2005).

CSR as Risk Reduction Strategy. Browsing the management literature or business websites, including business schools, one finds considerable support for CSR. From this point of view, there are a number of important reasons why 'stakeholder capitalism' (Freidberg, 2004b) is considered good for business, of which risk management is perhaps the most important. The business case for triple bottom line accountability asserts that when one calculates risks over returns or investments over returns then corporations that demonstrate responsiveness to the concerns of stakeholders

¹² All Marks & Spencer products are 'own-brand.'

are financially better off than those who only focus on shareholder profits (Freidberg, 2004b; Cowe, 2006).

In the UK, many shareholders or their trade bodies share this view. For example, the Association of British Insurers (ABI) and the National Association of Pension Funds, explain that in assessing the risks and opportunities posed by any investment decision, social and environmental matters must be considered (Cowe, 2003). In their 2004 report, *Risk Returns and Responsibility*, the ABI explain that there is a growing awareness among companies and investors about the importance of reputational risk. They argue that “Social, cultural, demographic and technological changes mean that social and environmental risks are now more significant than in the past and more volatile” (Cowe, 2004:1).

From this perspective, CSR is a tool for managing risks that might threaten corporate profits, market share, or reputation (Utting, 2005). Certainly, the relationship between CSR and risk management is a prominent theme in the CSR reports produced by retailers. For example, Morrisons (2005:1) explain that the priorities for its CSR program are based on an assessment of their “legislative, financial, operational and reputation risks.” As Morrisons put it, “Our CSR strategy aims to add value to our business by helping us to manage costs, minimise risks and enhance our commercial operations.” (p.2). Tesco (2006) also emphasize that its policies and standards for CSR are crucial for dealing with issues of risk. The company has a specialized “Corporate Responsibility Committee” made up of senior executives that is responsible for assessing the company’s “social, environmental and ethical risks” (p. 8). Assessing strategic and future risks is one of the key means that Tesco uses to determine what their CSR strategy will be.

Building Trust & Legitimacy. Retailers want their CSR strategies to be seen not as reflecting self-interest but rather the desires and concerns of consumers and key stakeholder groups. In their attempts to gain credibility and legitimacy for self-governing, major retailers have sought to position themselves as the representative and defender of consumer interests. Marsden *et al.* (2000:79) argue that their “pivotal position as consumer gateways and social barometers” together with their “considerable intelligence-gathering activities about consumers” has given retailers a powerful social and political legitimacy to represent consumer interests in their dealings with the state. At the same time, this allows them to promote the idea that ‘consumer interests’ are the same as ‘the public interest.’ To sustain their power and own survival, retailers must encourage the individualization of the consumer, which allows retailers to constantly innovate and differentiate their products in order to continuously provide new ‘choices’ to consumers (Marsden *et al.*, 2000).

For example, Tesco’s policies on GMOs helps build its case that it can be trusted to respond to the apprehensions felt by many of its customers about food safety and quality. Tesco (2006:65) explain that its policy on GM foods “is driven by the view of our customers. They continue to tell us that they are not yet convinced of the benefits of GM.” Therefore, Tesco does not “have any own-brand GM foods on our shelves” and they “remain committed to clear labelling to enable customers to make an informed choice. All branded products containing GM ingredients are labelled as such.”

In terms of other stakeholder groups, Sainsbury’s (2006) explain that it seeks to engage with a range of organizations that might have an impact on its business, whether it is the government, politicians, regulators, NGOs, trade unions, and trade associations.

Developing and building relationships with a range of stakeholders helps us to understand issues, develop our business and manage risks better. Inevitably, we will not always agree with the views expressed, nor will we change our policies unless we believe that would help us serve our customers. But we will always listen (p.8).

Similarly, Tesco (2006:17) explain:

Engaging with non-governmental organisations (NGOs) helps us to better understand the current issues and concerns of society. Our conversations highlight new trends and emerging issues and give greater insight on environmental, social and ethical issues, whilst helping us to manage our impacts and bring new products and services to our customers. We regularly meet NGOs, respond to their queries and contribute to surveys and research.

Retailers also emphasize their commitment to participating in multi-stakeholder initiatives, such as the Marine Stewardship Council or the WWF (World Wildlife Fund) Forest and Trade Network Group (FTN). One of the most significant efforts in this regard is the Ethical Trading Initiative (ETI), which was established in 1998, and whose membership now includes all the main UK retailers. The objective of this coalition of NGOs, trade unions, and corporations is to identify, promote, and improve the implementation of corporate codes of practice covering supply chain labor conditions. Its ultimate goal is to ensure that the conditions of workers producing for the UK market meet or exceed the international labor standards established by the ILO. To become a member, a company must make a public commitment to adopt the ETI Base Code¹³ and to implement it in their supply chain.

Since many NGOs are now considered influential stakeholders, these efforts at collaboration reflect strategic management on the part of supermarkets. As Freidberg

¹³ The Base Code contains a basic philosophy or platform from which ETI identifies and develops good practice. The Code provides a generic standard for company performance and is based on nine clauses which reflect what ETI believe are the most relevant international standards with respect to labour practices (Ethical Trading Initiative, 2007).

(2004: 180-181) puts it, their influence comes not from their size but instead from “their voice and established moral or expert authority. Through a variety of media....these NGOs could for better or worse, sway the opinions of other valuable stakeholders, namely consumers and shareholders.” Thus, openness to the views of these organizations provides supermarkets with greater legitimacy and credibility among important stakeholders. As Tesco (2006:4) claims, “We have become Britain’s most successful retailer by being open to changing perspectives.”

Building credibility as responsive to stakeholder concerns is important for fending off efforts to establish tighter government legislation. Despite the widespread popularity of CSR, many NGOs continue to argue that voluntarist approaches are insufficient and that legislation and the rule of law are necessary to make corporations accountable. Organizations such as Greenpeace and Friends of the Earth argue that states are ultimately responsible for public welfare and therefore should ensure that MNCs are held accountable through legally binding rules of accountability and liability. To this end, such groups continue to lobby their respective governments as well as the European Commission to adopt mandatory measures for CSR. Listening to and working with different stakeholder groups allows retailers to demonstrate that they are capable of self-governing and that their policies and standards reflect consumer and stakeholder concerns.

Government Advocacy of CSR

However, it would seem that retailers have little to fear in this regard. In the context of neoliberal economic policies, governments have sought to limit their role in many regulatory activities, favoring legislation that “encourages certain behaviours rather

than...attempting to codify every detail of compliance” (Blowfield and George, 2005:502). In some EU countries such as the UK and the Netherlands, legislation for CSR now encourages or even requires that companies engage in social reporting (Ruggie, 2003a). For example, an amendment to the UK’s Pension Act in 2001 requires that pension fund trustees report on whether they take social and environmental issues into account in their investment decisions, without defining what they mean by CSR (Blowfield and George, 2005). The UK government also requires leading companies to publish an expanded Operating and Financial Review (OFR) in which directors report on strategic issues, including social and environmental factors which are material for shareholder value (Cowe, 2004).

Similar legislative changes have been made elsewhere in Europe. In 2001, the European Commission issued a Green Paper that advocates the development of a European framework for encouraging CSR advocates to reach an international consensus on how to report (Commission of the European Communities, 2001). This proposal was developed into a more comprehensive White Paper in 2002 (Commission of the European Communities, 2002).

The UK government in particular sees itself as an international champion and world leader of voluntarist approaches for CSR¹⁴ (Christian Aid *et al.*, 2005). They argue that voluntary actions for CSR can advance both the competitive interests of a company and the interests of society at the same time (UK Government, 2006c). For example, in their publications they explain that their goal is to encourage and help companies report on their CSR performance since this will “help build a library of good practice, improve

¹⁴ These remarks are cited from: Letter to the Trade Justice Movement from Patricia Hewitt, DTI, “CSR, A draft international strategic framework”, March 2005.

risk management and build the reputation of the company” (UK Government, 2006a:npn). Since the challenges that businesses face in dealing with social, environmental and ethical issues differ, “government interventions need to be carefully considered.” Rather, their role should be to “encourage and incentivise the adoption and reporting of CSR through best practice guidance”, and only where appropriate intervene with “intelligent regulation and fiscal incentives” (UK Government, 2006b:npn).

The EurepGAP Protocol

One of the most significant responses by retailers to the challenges I have discussed above is the establishment of EurepGAP. In 1997, Tesco, Safeway, Sainsbury’s, Marks & Spencer, and Royal Ahold, began to work together under the EUREP (Euro-Retailer Produce Working Group) banner with the broad objective of developing a set of harmonized standards with independent verification. In 2001, the first EurepGAP protocol was launched. This protocol established a harmonized set of standards for Good Agricultural Practices (GAP), together with a system of third party certification for the production of fresh fruit and vegetables. While EurepGAP’s focus is on food safety its protocol also incorporates standards for labor and the environment. In fact, the protocol was the first to establish a global reference standard on GAP that included provisions covering worker welfare.

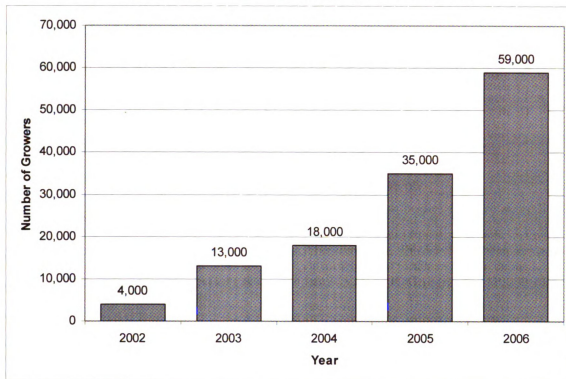
While EurepGAP’s standards are not mandated by law and thus are considered ‘voluntary,’ the reality is that compliance with EurepGAP has essentially become an “entry ticket” into the UK and EU marketplace (Fox and Vorley, 2006:170). With a tiny handful of retailers dominating market share, especially in the UK, there are few options for growers to sell their product elsewhere. The UK was the first market to make

certification obligatory in early 2004. EurepGAP has also been gaining popularity within European markets. For example, by the end of 2003, 100 percent of supermarkets in The Netherlands were participating in the EurepGAP program and over 85 percent of their fresh fruits and vegetables were EurepGAP certified (Nagel, 2004). As well, there is nothing to prevent retailers/wholesalers from ‘free-riding’, requiring EurepGAP certification from their suppliers and thus gaining the benefits even though they themselves are not EurepGAP members.

As a result, the worldwide growth of EurepGAP has been phenomenal. The number of certified growers around the world has grown from just a few thousand in 2002 to over 59,000 at the end of 2006, with a further 10,000 growers involved in benchmarked schemes¹⁵ (see Figure 3). These growers come from about 80 countries (EurepGAP, 2007a). The number of international certification bodies that are accredited to EurepGAP has grown to 89, and voluntary membership of the organization has escalated from the original 21 founders in 1999 to 275 in 2005 (EurepGAP, 2005b). The breadth and scope of EurepGAP suggest that this protocol has emerged as one of the most important examples of private retail standards addressing social and environmental concerns. This contrasts with other schemes, such as the ETI, which is not mandatory for all suppliers but instead is targeted at so-called ‘high-risk’ suppliers and regions. Chile, for example, is not considered high-risk despite widespread criticism of poor labor practices within the export fruit sector and extensive scientific evidence of the detrimental effects of pesticides on workers and the environment.

¹⁵ National certification schemes developed by individual countries, such as ChileGAP, can be approved as equivalent with EurepGAP standards through a process of benchmarking. This involves a comparison of the standards of the in-country scheme with EurepGAP and an agreement to adhere to them through contractual obligations agreed upon between the standard owners and EurepGAP (EurepGAP, 2005b). See chapter 4 for further discussion on this.

Figure 3: Worldwide growth of EurepGAP certified growers (EurepGAP, 2007a).



Why EurepGAP? EurepGAP represents what Codron *et al.* (2006) call a ‘reformist’ philosophy of agrifood production. That is, in contrast to ‘radical’ philosophies, such as Fairtrade and organic production, EurepGAP is an effort “to modify but not radically change conventional agriculture” (Codron *et al.*, 2006:238). While products based on radical production philosophies appeal only to particular (valuable) niche markets, EurepGAP on the other hand is aimed at reforming the entire supply system. Both have a place in the ‘toolkit’ of retailer strategies for CSR.

As I detailed above, UK retailers have had to contend with new food safety regulations, including the requirement to demonstrate due diligence, growing consumer concerns about food safety, as well as public scandals about retailer supply chain practices in relation to labor and the environment. In an effort to address these challenges,

retailers found themselves willing to cooperate in developing a harmonized set of standards for food safety, worker health and safety, and the environment. According to EurepGAP's Independent Chairman Nigel Garbutt, the view of its members is that "Responsible agriculture is not something to seek competitive advantage with, it is for the long term benefit of both industries and consumers" (EurepGAP, 2005b:1). Undoubtedly retailers recognized their shared fate. Thus, while major supermarkets seek to compete over certain quality criteria, such as the aesthetic characteristics of goods or offering particular niche products, they have established that there are some criteria that are non-competitive. For example, in relation to food safety, retailers want to reduce potential hazards and maintain consumer confidence in the *entire* production system. As recent food scares in the US have illustrated, a problem with food safety has the potential to negatively affect the entire industry, not just the firm or producers responsible.¹⁶

In addition, retailers wanted to avoid a situation where each company was in the business of creating its own standards and auditing system. Not only would this prove enormously expensive but independent standards could make it difficult to sustain guaranteed supplies of certified product from producers (EurepGAP, 2005b). In contrast, a uniform set of minimum standards allows for the creation of harmonized European-wide supply chains, allowing supplies to be interchangeable (Levidow and Bijman, 2002). Having established a baseline standard, individual companies are then free to

¹⁶ An example of this was the spinach *E. coli* outbreak that caused the death of three people and made over 250 people ill in the USA and Canada in October 2006. While the outbreak is thought to have originated from only one farm in California (investigators were never able to conclusively determine the source of the outbreak) the entire industry was affected by the outbreak. The United Fresh Produce Association estimated that losses to processors alone reached \$50 million to \$100 million. That does not include losses to growers or retailers of spinach or other fresh-cut products. This also highlights the problem that it is often difficult to determine where the problem originated from and thus who is responsible (Warnert, 2007).

choose to develop additional standards and audit schemes (e.g., Tesco's Nature's Choice) if they wish to do so.

Nor was EurepGAP eager to reinvent the wheel by creating new standards. Rather their goal was to bring together in one place what they determined were 'best practices' from around the world (EurepGAP, 2005a). In terms of food safety, their efforts focused on building upon approaches of 'integrated agriculture,'¹⁷ which the BRC had already begun to do in the UK. Campbell *et. al.* (2006:76) argue that "retailers were attracted to the potential of 'integrated' farming systems as these promised to deliver produce that was 'residue-free' and thus fulfilled one of the key food safety criteria desired by many consumers."

Establishing Legitimacy

In the long term, effective governance requires more than simply the ability to compel others to take certain actions via one's "capacity to sanction behaviour," it also requires that those in power have established legitimacy (Kaplinsky and Morris, 2002:30).

EurepGAP has sought to accomplish this in several ways. First, as described above it argues that its standards are a response to 'consumer concern' and thus its standards reflect its efforts to ensure that everyone in its supply chain is acting in a social and environmentally responsible manner.

While many NGOs have generally welcomed corporate efforts at CSR, several important criticisms have emerged. First, scholars have questioned the value of codes of conduct and standards that are voluntary in nature (Kimerling, 2001; Klein, 2000).

¹⁷ Using methods of Integrated Crop Management (ICM) and Integrated Pest Management (IPM), the practice of integrated agriculture seeks to reduce the use of pesticides by keeping pests under control rather than trying to eliminate them altogether (Levidow and Bijman, 2002).

Second, there have emerged a growing number of concerns about the validity of many company claims. That is, while there has been a proliferation of codes and guidelines for CSR over the past decade, the general lack of quantitative performance data to back up company claims has led to accusations that many CSR reports are little more than ‘corporate gloss’ (Joseph, 2002). Third, a general lack of transparency with regard to these codes makes it possible for firms to claim that their behavior is governed by codes of conduct, without having to share the details with the public (Ruggie, 2003b).

In contrast, EurepGAP seeks to win support and legitimacy for their protocol by appealing to technoscientific values such as objectivity, transparency, and value-freedom. For example, EurepGAP invokes technoscientific values such as *independence* and *verification* – using third-party auditors to assess whether growers have complied with the standards; *objectivity* – its practices are based on established ‘good practices’ and technical experts participate on its standards setting committees; *consistency* – regardless of location all growers are expected to meet the same standards; and *transparency* – its standards are publicly available for access by anyone to review. This theme is expanded upon in the following chapters.

While EurepGAP recognize that certification is a challenge for many growers, especially those from developing countries, they argue that overall it offers a ‘win-win’ solution for both retailers and producers. EurepGAP is invaluable since it eliminates the need for “a multiplication of standards and audits, rather one system...will meet the needs of all customers, globally” (EurepGAP, 2004:4). The development of a harmonized set of certification standards benefits producers since they can reduce the labor and expense of gaining separate certifications for multiple retailers. They can also be assured

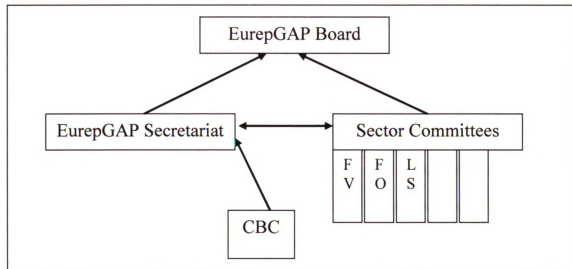
that in meeting EurepGAP they are also in compliance with all the necessary EU and individual country regulations (e.g., for pesticide residues) since these are integrated into the EurepGAP protocol. Nevertheless, EurepGAP's claim is still an overstatement; while it has the goal of becoming *the* global standard they are not there yet. Producers still have to implement separate standards if they sell to the US for example, and as I mentioned above, EurepGAP has not stopped its members from adding their own additional standards and audits.

EurepGAP also argue that certification benefits growers worldwide since it creates a "level playing field" among producers (EurepGAP, 2003:7) and ensures access to the valuable UK and European marketplace. Thus, while there is a "natural apprehension at first," once growers are engaged they recognize "that EurepGAP not only adds value and improves efficiency, but it also opens doors into important markets" (EurepGAP, 2004:1). The additional costs involved in implementing EurepGAP are supposedly outweighed by the benefits of entry into valuable markets. According to EurepGAP, the value of certification is evident in the widespread support that it has received from NGOs, individual governments, as well as the EU.

Undoubtedly, EurepGAP offers real benefits for some growers. However, perhaps unsurprisingly, it fails to acknowledge that rather than "a common goal" (EurepGAP, 2003:1), power differentials and inequalities that exist among stakeholders have potentially negative outcomes for many producers. Notably, while retailers proclaim themselves as socially responsible, with EurepGAP the costs of due diligence, food safety and sustainability are passed back up the supply chain. EurepGAP certification is not marketed to consumers but rather is considered a business-to-business standard. This

helps retailers justify why no price premium is offered for certified product (in contrast to, for example, certified organic). The use of third-party certifiers also provides a means for passing on the costs. Here, the work involved in monitoring compliance shifts from retailers to independent auditors, and the costs for purchasing their services is devolved to producers. In sum, EurepGAP helps mitigate risks for retailers, and improves their reputation as socially responsible, while passing the cost of compliance back up to producers.

Figure 4: EurepGAP's governance structure¹⁸ (EurepGAP, 2007b).



Central to building and maintaining legitimacy for EurepGAP's standards is the contention that not only is its protocol good for growers but that EurepGAP is in fact a *partnership* between retailers and growers. While EurepGAP was originally conceived by a group of retailers, at their 2001 meeting the organization was re-conceptualized as a partnership between retailers and producers (EurepGAP, 2005a), which is reflected in

¹⁸ The organizational structure of EurepGAP has undergone several modifications since the organization's inception; this figure reflects the structure as it exists in 2007. The abbreviations here are FV (Fruits & Vegetables), FO (Flowers & Ornamentals), LS (Livestock Sector), and CBC (Certification Body Committee).

their logo: *EurepGAP. The Global Partnership for Safe and Sustainable Agriculture*. On their website, EurepGAP describes itself as “an initiative of agricultural producers and their retailer customers” (EurepGAP, 2007c:npn), giving the impression that the initiative came from producers not the other way around.

EurepGAP argue that this partnership is reflected in their organizational structure (see Figure 4). Here, membership is voluntary and independent from certification (for producers) or approval as a EurepGAP approved certifier (for auditors). *Who* gets to participate in EurepGAP is enormously important since they determine the very framework and substance of the protocol. Broadly, membership brings with it the right to participate in and contribute to the various Committees and Working Groups, invitation to plenary EurepGAP member meetings, and input into the continued technical improvement of the EurepGAP documents.

So who gets to participate as members? There are three categories of membership:

- 1) *Retailer Membership* is open to retailers and foodservice organisations. These members are eligible for nomination and election to the Board or the Sector Committees.
- 2) *Supplier Membership* includes any organization directly involved in growing, producing and/or handling food products. Hence, they might be a producer but they could also be an exporter/importer. They are eligible to be nominated and elected to the Board or the Sector Committees.
- 3) *Associate Membership* is open to Certification Bodies, consulting companies, agrichemical companies, and their associations. These members are only eligible for nomination and election to the Certification Body Committee (CBC).

In sum, EurepGAP retailer and supplier members can vote for their industry representatives on the Board and on their Sector Committee. On both committees an

equal numbers of seats are available for growers/suppliers and retailers. EurepGAP is governed by a Board, which is chaired by an independent chairperson and made up of four retailer and four supplier members.

The Sector Committees (SCs) for Fruits & Vegetables (FV), Flowers & Ornamentals (FO) and the Livestock Sector (LS) were established in 2006 and replaced the Technical and Standards Committees (TSC). The Fruit & Vegetable Sector Committee is made up of seven retailer and seven supplier members. According to EurepGAP, members are elected every three years by their peers. Committee members are expected to “represent their sector (growing/production or retail) and not individual companies” (EurepGAP, 2003:1). Membership is extremely important since the main role of these committees is to review, evaluate and approve the EurepGAP Standard documents, benchmarked schemes, as well as propose revisions to the General Regulations. Since EurepGAP have set a goal of ‘continuous improvement’ in terms of their standards, committee members are constantly involved in reviewing “emerging issues,” collecting input from various stakeholders, and conducting risk assessments, which eventually lead to a revised version of the protocol every three years¹⁹ (EurepGAP, 2007c). While the committee may draw on the expertise of external experts regarding specific scientific and technical matters as they see fit, overall they are viewed as having the appropriate technical ability to conduct this work.

Members of the Certification Body Committee (CBC) are experts employed by Certification Bodies that are EurepGAP Associate members. They are elected by their peers (Certification Bodies who are EurepGAP members). Their main role is to discuss EurepGAP implementation issues and provide feedback (EurepGAP, 2007b; c).

¹⁹ The first version of the protocol was released in 2001, the second in 2004 and the third in 2007.

The role of Secretariat is fulfilled by FoodPLUS GmbH, a not for profit company established by EurepGAP in 2001. The core priorities of FoodPLUS are to 1) facilitate EurepGAP activities; 2) serve as legal owner of the normative documents and; 3) host the EurepGAP Secretariat. The Managing Director is responsible for the implementation of EurepGAP's Policies and Standards (EUREPGAP, 2007c).

Membership is only accessible for those stakeholders who have the considerable time, money and resources necessary to participate. Membership does not come cheap. Individual Supplier Membership is €1,550 per calendar year, while membership for produce groups or producer organizations is €2,550. Associate Membership ranges from €1,550 upwards. To participate on a committee requires that the individual is available to attend four meetings a year, is able to develop an election proposal, and is able to find two other EurepGAP members to act as their proposer and seconder (EurepGAP, 2003).

In reality, opportunities for voice and participation in this partnership between retailers and producers are extremely narrow. When we examine more closely who gets to play a part, it is the large-scale retailers together with major corporate suppliers – many of whom are not even producers – who participate. For example, Ricardo Adonis, Technical Manager of Chile's Fruit Development Foundation (FDF), is a member of the Fruit & Vegetable Sector Committee. FDF is a private organization founded by a group of large-scale fresh fruit exporters and producers (see chapter 4). As we can see from Table 1, membership also remains heavily weighted towards those stakeholders in Europe and not those from developing countries. This is important because as I argue in chapters 5 and 6, who gets to shape the technoscientific decisions for EurepGAP has

major implications for the practices of standards and audit in relation to the health, safety, and welfare of agricultural workers.

Table 1: EurepGAP Membership (January 1, 2007).

Continent	Retailers	Suppliers	Associates	Total	% of Total
Africa	0	7	3	10	4
Asia	1	0	3	4	1.6
Australia & New Zealand	0	4	2	6	2.4
Europe	30	81	76	187	74.8
Middle East	0	8	6	14	5.6
North America	0	3	4	7	2.8
Latin America	0	8	14	22	8.8
Total	31	111	108	250	100
% change since March 2004	+29%	+21%	+44%	+31%	

Conclusion

The deepening of global economic processes, together with transformations in political, economic and ideological policies and practices under neoliberalism, have constrained (whether practically or ideologically) the role of government in regulating social goods. Since the mid 1990s, this has helped produce tremendous change within the UK supermarket sector. The focus of this chapter has been to examine some of the key moments in this transformation, especially the development of an oligarchic retail sector and the evolution of retailer buying practices and competitive strategies within their supply chains. These changes reflect efforts by retailers to respond to and help shape the broad array of new challenges and opportunities that they now face from new food safety legislation, food safety crises, a tightly competitive retail market, and opportunities to compete on quality.

At the same time, a growing chorus of public criticism, together with an array of campaigns for CSR, has accused this handful of corporate retailers of undue power and

influence within the marketplace that has exacerbated exploitative relations throughout their global supply chains. In response, retailers now point to a dizzying array of new institutions and policies – of which EurepGAP is perhaps the most influential and far-reaching – that they have developed in an effort to implement, measure, monitor and publicize their CSR practices. What this illustrates is that rather than a single market, markets take on various forms that reflect the rules and institutions within which they operate. As a site of continually contested terrain, market forms reflect the desire of particular groups of actors – government, business, and civil society organizations – to promote some interests or preferences rather than others. Consequently, the market is neither value neutral nor free from particular interests.

Appreciating the contested nature of this market is necessary for understanding the conflicting pressures that bear down on producers that operate within retail supply chains. As growers face the challenge of implementing EurepGAP they do so in a highly competitive production environment under constant pressure to meet retailer demands for ever-more stringent quality standards, flexible production schedules and just-in-time delivery systems. As Tallontire and Vorley (2005:3) argue, the current trading environment in which UK retailers operate “is characterized by both a proliferation of standards for ethics and sustainability and the abuse of market power by powerful buyers,” where retailers in this oligarchic market are able to dictate prices and conditions and thus create a cost-price squeeze for suppliers. It is to this challenging production environment and the conflicting pressures Chilean producers face as they attempt to implement EurepGAP that I deal with in chapter 4. Before turning to that discussion, I

first provide an overview and discussion in the following chapter of the methodology and methods used for data collection.

CHAPTER 3

The Research Process

This study follows a Global Value Chain Analysis (GVCA) approach where the focus of my research is on the Chilean fresh fruit export value chain. GVCA has emerged as the most important of several commodity-based approaches (e.g. chains (Gereffi *et al.*, 1994), systems (Friedland, 1984), *filières* (Raikes *et al.*, 2000)) based in the political economy tradition. These approaches are all valued for their emphasis on “the social and political nature of the organizations and relations involved in the life of a commodity” (Raynolds, 2002:405). Numerous studies (e.g., Juska and Busch, 1994; de Sousa and Busch, 1998; Dolan and Humphrey, 2000; Hughes, 2000; Humphrey and Schmitz, 2001; Ponte and Gibbon, 2005) have demonstrated the analytical value of commodity-based approaches to examine a range of concerns, including the “economic structure, spatial configuration, social organization, and governance” of agrifood chains and systems (Raynolds, 2002:405).

More recently, the language has shifted away from ‘commodities’ towards ‘value chains’ since value chains encompass a broader range of products, including those that lack commodity features²⁰ (Daviron and Ponte, 2005). The chain metaphor highlights that goods follow a succession of activities from conception, through production, and finally consumption. Since these activities are fragmented – across firms, countries, regulatory regimes – scholars are interested in how various actors and activities within a chain are linked together and coordinated or ‘governed’ (Humphrey, 2005). GVCA is utilized both

²⁰ Commodities, such as flour or sugar, are considered goods where buyers and sellers generally use the same standards to determine the same quality attributes, and these attributes tend to be easily quantified and measured (e.g., weight, moisture content).

as a heuristic tool to describe the chain and the different actors and activities involved in it, and as an analytical tool to explain why chains take on particular organizational and institutional forms and how this affects different actors within the chain. The entry point within the chain, as well as the specific links, actors and activities to be examined are determined by the particular foci of the research and questions of interest of the researcher.

Within development studies, GVCA has been used to examine distributional issues within a chain, in terms of both power and income (Dolan and Humphrey, 2000; Barrientos *et al.*, 2003; Dolan and Humphrey, 2004; Daviron and Ponte, 2005). Here, power concerns the capacity that different actors have to make, implement and enforce the rules that delineate the conditions through which participation in the chain is possible. As well, power is the capacity to determine distributional issues, such as who does what within the chain and how the benefits of this distribution will accrue to different stakeholders (Kaplinsky and Morris, 2002). Within this context, the role of institutions is critical for allowing actors to ‘act at a distance’ (Latour, 1987; Law, 1992). That is, standards embody particular sets of rules and third party certification provides the means to audit performance and ensure compliance with these rules.

Qualitative Methods

The traditional view of scientific objectivity assumes that researchers can have “infinite vision,” what Haraway calls the “god trick” (Haraway, 1995: 180, 182). On the other hand, relativist accounts are equally problematic since it “is a way of being nowhere while claiming to be everywhere equally” (Haraway, 1995:182). Rather, all research accounts are based on knowledge that is situated and embodied and the struggle is always

over whose view of the world should count as rational (Haraway, 1995). Harding's (1992) concept of 'strong objectivity' requires that we question the notion of independence in science and instead demand methods that allow us to examine the range of social values that shape the research process. To accomplish this, it is necessary to include the perspectives of those actors who are generally marginalized from the scientific process. However, while recognizing the social situatedness of all knowledge, strong objectivity requires from researchers "a critical evaluation to determine which social situations tend to generate the most objective knowledge claims" (Harding, 1991:142).

A qualitative research approach is appropriate for accomplishing these objectives. In particular, qualitative research is valued for its commitment to viewing the social world from the perspective of participants involved in the study (Blaikie, 2000). Qualitative methods provide a means to understand the social, political and economic *situation* of participants. Situation is important because it influences how people understand particular events or actions and how they act in relation to them. As well, it provides a way to incorporate *meaning*, that is, how do participants – as well as the researcher – understand, view or interpret the situation of participants, the situation of those around them, and the effects of particular events on their circumstances. This approach also allows researchers to describe the *processes* through which particular events or actions take place and to understand how these processes lead to particular outcomes (Maxwell, 1998).

A GVC approach does not propose any single, specific method but rather employs a range of analyses, including historical, quantitative and qualitative analyses (Friedland,

1984). For this study, I have utilized several qualitative, data-collecting techniques including in-depth interviewing, participant observation, and documentary analysis, which has allowed me to build a holistic, multi-dimensional, complex account of the problem at hand. This is necessary to evaluate the claims made by EurepGAP that their standards and audits are objective, value-neutral and universally beneficial. By incorporating the voices of participants within the value chain that tend to be silenced in the scientific process (since they are not considered objective), together with alternative sources of data that support the claims made by participants, we can arrive at a more inclusive and comprehensive understanding of the importance and limitations of EurepGAP.

So what value, if any, does this case study involving a small number of individuals from one value chain have beyond this single site? It is generally accepted that in contrast to quantitative studies, it is not possible to generalize qualitative research results to the general population. However, there is a growing interest in this issue of generalizability and how it might be achieved, as researchers become interested in making statements about other sites or populations based on their own research results (Blaikie, 2000).

Rather than generalizability, some scholars emphasize concepts such as ‘fittingness’ (Guba and Lincoln 1981, 1982), ‘transferability’ (Guba and Lincoln (1989) or ‘comparability’ (Goetz and LeCompte 1984) (*cited in* Blaikie, 2000). The argument here is that study results can be extended to other cases on the basis of theory development and by using comparable data collection methods and analysis across research sites. It also requires that researchers provide detailed or ‘thick’ descriptions of

all study sites, including the original study site (Blaikie, 2000). On this basis, “Similarities and differences can then be taken into account in any judgement about the relevance of findings obtained from one site for some other sites (Scholfield 1993). The aim in such comparisons is generally to establish whether the research site is typical of other sites” (Blaikie, 2000:255). Researchers conducting studies of standards or audits for corporate social responsibility in other locales, who incorporate similar theoretical and methodological frames, should be able to make comparisons between this study and research site with their own.

Entry into the Field

My research is based on data collected during two field trips to Chile. I made my first trip to Chile from August through October, 2004. The purpose of this trip was to gather first-hand information that would help me clarify my research questions and research proposal and to develop a feasible research design. Prior to my trip, I had corresponded with various scholars in the US and UK who had published research on the fresh fruit sector in Chile. These scholars offered a number of contacts that provided my entree into the field. These contacts were enormously helpful, both in providing me with insights into the sector that I could use to develop my research proposal and design as well as providing me with the names of key informants. I also used the time to begin to collect documents and statistics on or related to the sector for analysis.

Due to its centrality to the export fruit sector, I had initially intended to focus solely on the table grape value chain. However, based on my discussions and findings during my initial visit I decided to expand my focus to include the export fruit sector as a whole. The table grape sector is overwhelmingly made up of large-scale growers and for

my research I wanted to understand the benefits, risks and challenges confronted by all growers, including those who are small-and medium-scale.

I returned to the field a year later in 2005, where I remained from August through December. I was based in the capital city of Santiago since this was where most government officials, auditors, exporters, NGOs, and industry associations were also based, making it convenient to conduct interviews. As well, Santiago was the main site for collecting documentary materials and statistics. From Santiago, I focused on visiting three rural areas to conduct interviews and participant observation with growers and workers. One of these areas was the Metropolitan Region, which surrounds the capital and is one of the country's main production areas for grapes, kiwifruit, pears and stone fruits. To the north of the capital, I visited the Vicuña valley located in the Coquimbo Region (VI Region). This valley is a major producer of table grapes and is dominated by large growers. I also traveled south from Santiago to the Maule Region (VII Region), which is a key production area for apples, kiwifruits, pears and berries. During my stay in these areas I also conducted interviews with local labor inspectors, unions, NGOs, and EurepGAP trainers who were located in the key towns —Melipilla, Vicuña and Talca— associated with these rural areas. When I returned from the field, I conducted three telephone interviews with representatives of major food retailers, two from the UK and one from Western Europe.²¹

My research experience was overwhelmingly positive. Almost everyone I contacted was willing to meet with me and the majority of participants were extremely helpful and forthcoming. The main challenge that I faced was arranging interviews with

²¹ To ensure the confidentiality of the retailer I am not providing the name of the country where the supermarket is located.

retailers in the UK. Initially, I had planned to visit Britain to conduct interviews with representatives of as many of the major supermarkets as possible. However, several major retailers declined to participate. In refusing to meet with me, these retailers explained that they are overwhelmed with requests for interviews regarding their CSR practices and thus have to be strategic on what interviews they are willing to grant. Consequently, after several weeks of trying to set up interviews, I decided to settle for telephone interviews with the three retailer representatives who had agreed to speak with me.

Another challenge I confronted is that EurepGAP standards are somewhat of a moving target since the protocol is revised every three years. When I first proposed doing this research, my initial questions were based on the 2001 protocol. However, by the time I reached the field, growers were following the 2004 version of the protocol. In early 2007, as I write up my research, the latest version of the protocol has just been released. I resolved this issue by focusing my discussion where necessary on the 2004 version since this was the version in place during my time in Chile. At the same time, I feel that many of the more general themes and points that I make are relevant regardless of the protocol version.

Data Collection and Analysis

To address my research objectives, I employed the following methods of data collection:

1) semi-structured interviews; 2) review and analysis of historical studies, government and industry documents and statistics, and technical literature related to EurepGAP standards and the Chilean export fruit sector, and 3) participant observation.

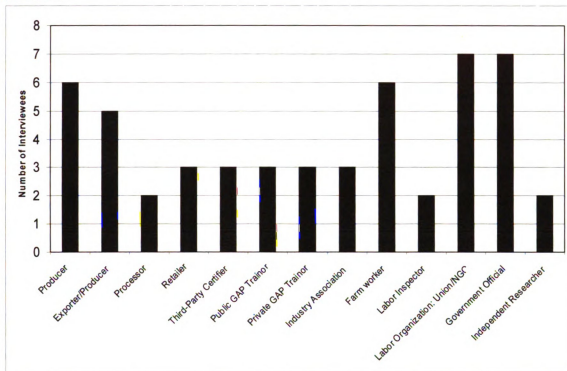
Interviews: Interviews have been shown to be effective at gaining nuanced information on values and beliefs as well as the motivation behind behaviors. My overarching goal with the interviews was to identify the key values that participants held in relation to EurepGAP. That is, what did they view as the strengths, limitations, or challenges of EurepGAP's standards and audits in relation to different actors within the Chilean export fruit sector. As well, I wanted to understand how practices within the workplace and within the chain had changed as a result of introducing EurepGAP, and how participants perceived the effects of these changes on different actors, especially growers and workers.

I made no attempt to obtain a random sample of interviewees; rather, the sample was purposive. Interviewees were seen as key informants and the intent of the interviews was to ensure representativeness and maximize variation in responses so as to obtain as complete an understanding as possible of the informant's views of issues related to EurepGAP and their relationship to it (Creswell, 1998; Maxwell, 1998; Strauss and Corbin, 1998). I began the interview process by identifying several key informants within the Chilean government, export fruit sector and academia. Names of informants came from my scholarly contacts in the US and UK as well as from industry and government documents. I then expanded my informant pool using the snowball technique where participants were asked to recommend other key actors for me to interview.

The result was that semi-structured, on-site interviews were conducted with a total of 52 participants (see Figure 5). It is important to note that while I have categorized each participant according to his or her position only once; some participants could have been included in more than one category. For example, some exporters that I interviewed were

also producers and all three of the retailer representatives with whom I spoke were EurepGAP committee members. In these cases, participants were categorized according to their main role in relation to our interview.

Figure 5: Categories and number of participants involved in formal Interviews.



Participants included actors involved in the advocacy, training, implementation and enforcement of EurepGAP standards in Chile. These stakeholders include producers, exporters, industry association representatives (for both growers and exporters), third party certifiers, government officials (including from the Ministry of Agriculture, SAG, and INDAP), trainers in good agricultural practices (both public and private), and retailers.

Interviews were conducted with actors who are not directly involved in creating, implementing or enforcing EurepGAP standards but who may affect, and are affected by,

their content and their outcome. These groups include agricultural workers, labor advocates (i.e., unions and NGOs) and researchers, as well as government officials who deal directly with issues related to farm labor (Ministry of Health's Occupational Health Unit; Sernam; Dirección del Trabajo).

The majority of interviews were conducted in Spanish and were recorded to ensure accuracy in the translation from Spanish to English. In several cases where the interviews were conducted in a more informal manner recording was not possible or convenient. For example, most of my interviews with workers and small-scale growers occurred while they took me on a tour of their orchards or workplaces. In these cases, I took notes as we talked and wrote up the notes immediately after the interview. The majority of interviews lasted approximately one hour. Interviews were conducted on the basis of informed consent; that is, I explained to all participants the purpose of my research, that their participation was entirely voluntary and that they could halt or withdraw from the interview at any time, and that their responses would remain confidential. Pseudonyms have been given to all participants and where necessary responses within the text have been modified to ensure that their identity remains anonymous.

Samples of questions from my interview guides can be found in the Appendix. While the focus of the interview questions was in relation to the participants' views, values and practices in relation to EurepGAP, these questions did vary to accommodate the role of the different participants (e.g., grower, worker, government official, certifier). As well, the interview questions in my guide were not fixed but continued to evolve over

time as I determined that it was necessary to explore some questions in more depth or new questions altogether.

Interview data were transcribed, coded using NVivo (a software program for qualitative data analysis) and analyzed. My goal was not to produce counts of responses but to rearrange the data into categories using codes that would allow me to make comparisons both within and between categories. The codes that I developed were drawn from my theoretical framework, my research questions, as well as inductively generated from the research process. Categorizing the data in this manner made it easier to organize the data, to identify major themes from the interviews, and to compare and contrast the views and concerns of different participants in relation to particular themes (Maxwell, 1998; Strauss and Corbin, 1998).

Participant Observation: An important complement of the interview process is participant observation since practices of listening *and* looking are both necessary for understanding meaning, context, and change (Lofland and Lofland, 1984). From my visits to numerous fruit orchards I was able to compare how EurepGAP orchards were different from non-EurepGAP orchards. My goal here was to observe how grower practices had changed as a result of implementing EurepGAP. For example, I was able to better understand how different growers had dealt with the challenge of implementing the infrastructure required by EurepGAP's standards (e.g., toilets, living quarters for labor, eating facilities). I was fortunate enough to spend several days with some government-funded GAP trainers as they worked with several different small-scale growers. This allowed me to see the types of challenges that these growers faced in understanding the standards, dealing with the paperwork, and putting them in practice. My on-site visits

also allowed me to see some of the contradictory practices in relation to worker health, safety and welfare that I discuss in Chapter 5. I also attended a one-day conference on CSR in the agricultural sector where growers, workers, NGOs, and unionists participated. It was extremely interesting to observe the clash in values and views between the different social groups participating as to their understanding of what CSR is or should be within the sector.

Documents and Statistics: My research is also based on the analysis of an extensive collection of documents and statistics that I was able to gather. This includes government documents and statistics, especially from the Ministries of Agriculture (including INDAP and SAG), Health, Labor, and Women, on the (current and historical) state of the export fresh fruit sector, the social and economic conditions faced by agricultural workers, and the issue of pesticides and health. I was also able to collect materials such as relevant scholarly articles, industry newsletters and reports, and research done by private research institutes in Chile. These materials were valuable for helping me expand my understanding of the value chain and provide a social, political and economic context in relation to the issues with which I am concerned. I also used these materials to help clarify, probe, or confirm claims made by participants in the interviews.

I was very fortunate that most of EurepGAP's documentary materials, such as its standards, technical documents, press releases, and information about its organization, are all available on their website and thus are readily accessible. Likewise, the CSR reports of UK supermarkets are also publicly available on the web. These materials were useful for understanding the claims that EurepGAP and retailers are making publicly in relation

to CSR and their standards, and to compare their claims, values and goals with practices on the ground and the views of other participants within the chain.

CHAPTER 4

Implementing EurepGAP in the Chilean Export Fresh Fruit Sector

Major players within the Chilean export fruit sector, including large-scale exporters and growers, industry associations, and key segments of the Chilean State, embraced the concept of EurepGAP from its inception and have vigorously pushed for its implementation. By the end of 2006, just five years after the first protocol was released, almost 1100 Chilean export growers had heeded that call and achieved certification (EUREPGAP, 2007a). Proponents argue that the benefits of independently certified standards for good agricultural practices (GAP) will not only accrue to retailers but that they will have significant benefits for the Chilean industry as well. EurepGAP will help modernize the sector, facilitate access to valuable Northern markets, ensure that growers remain competitive in the global market, while further establishing Chile's position as a 'trustworthy' and 'reputable' supplier of safe, quality, sustainable produce to the world (Chilean Fresh Fruit Association, 2004; ODEPA, 2005a).

To assess the claims put forward by EurepGAP proponents, this chapter examines the arguments put forth by participants within the export fruit sector regarding the costs and benefits, challenges and opportunities faced by producers. In chapter 2, I argued that retailer practices play a central role in shaping distributional issues within the global value chain. As we shift further up the supply chain, we find that the opportunities and constraints available to Chilean growers also resonate through the decisions and actions of exporters and large-scale producers who rely on product supplied by thousands of out-growers. This chapter is concerned with examining how these influential stakeholders, together with the Chilean state, shape the opportunities and constraints available to

producers in relation to EurepGAP certification. To accomplish this, I turn first to describing the development of the modern export fruit sector and the chief players within it.

The Development of the Chilean Export Fruit Sector

While the mid-1980s witnessed a ‘boom’ in fruit exports – ‘el boom frutícola’, the origins of the export fruit sector’s success can be traced back to developments that began to take place in the early 1960s. At that time, the government of Eduardo Frei initiated an agrarian reform program, together with what was known as the ‘Fruit Plan.’ The goal of these initiatives was to modernize the agricultural sector, increase production, and develop the country into a fruit exporter (Barrientos *et al.*, 1999). To help develop the fruit sector, the State provided new investment for research, technical expertise, as well as new technologies and infrastructure. However, it was the neoliberal economic and political transformation enforced by the military *junta* after the coup in 1973 that proved decisive in the successful expansion of the export fruit sector.

The state and economy were radically restructured under the dictatorship of Augusto Pinochet (Gwynne, 2003). The counter-revolution enacted by the *junta* dismantled the democratic political system, brutally repressed all forms of political protest and dissent, and allowed the military bureaucracy to assume “the administrative and legislative functions of the state” (Barrientos *et al.*, 1999:51). During the second half of the 1970s and throughout the 1980s the regime proceeded to pursue neoliberal economic policies (Borregaard, 2004). Here policy makers stressed the importance of “reducing the direct involvement of the state in economic matters” (Gwynne, 2003:310). Economic growth and development, they argued, would come about as a result of free-

market policies, such as deregulation and privatization, as well as efforts to promote exports and integrate sectors of the economy into world markets (Borregaard, 2004; ODEPA, 2005a).

Fruit exports were seen as central to this model of export-led growth and the regime was eager to develop a modern, capitalist agricultural sector based on private land ownership. To this end, an aggressive agrarian counter-reform was pursued and by the end of 1979 the agrarian reforms enacted first under Presidents Frei and then Allende had been overturned (Murray, 2002). These processes of agrarian reform and counter reform produced a landholding system where semi-feudal structures of originally large estates and then peasant holdings were replaced with *parcelas*; small (5 basic irrigated hectares (BIH)) and medium (20 BIH) plots designed to be worked as private, commercialized family farms (Barrientos *et al.*, 1999; Murray, 2002). At the same time, the new market in land and commodities opened up the sector to new investment opportunities and greater consolidation as new entrepreneurs were able to establish medium-to-large capitalist farms of between 20 and 80 BIH (Barrientos *et al.*, 1999). These reforms also produced a large, rural labour force from the now landless, who would provide the temporary, seasonal workers necessary to meet the labor needs of this commercially-oriented sector (Barrientos *et al.*, 1999).

While the successful development of the export fruit sector is undoubtedly a product of neoliberal economic reforms, other comparative advantages were also important. The sector benefited from rising international demand for fresh produce, its position as a counter-seasonal supplier to the affluent North American and European

markets, low labor costs (see chapter 5), and easy access to cheap water supplies (McKenna and Murray, 2002; Jarvis and Vera-Toscano, 2004).

Geography too, provides Chile with some extraordinary advantages in fruit production. The Nobel Prize winning poet, Pablo Neruda, called his beloved Chile the “Long Thin Country.” Located along the extreme south-west of Latin America, the country stretches 2,653 miles in length while only averaging 110 miles wide (its maximum width is 233 miles). Within this narrow ribbon a great diversity of climates can be found ranging from arid in the north to mildly cold and rainy in the south. In between, vast areas enjoy a temperate climate with ideal conditions for the production of a large variety of traditional and exotic fruits (ProChile, 2004; ODEPA, 2005b). Importantly, Chile is surrounded by natural barriers – the Andes Mountains to the East, the Pacific Ocean to the West, the Atacama Desert in the North and the Patagonia Glaciers in the South – that effectively create a phytosanitary island helping to prevent entry into the country of potential plagues and disease (ProChile, 2004).

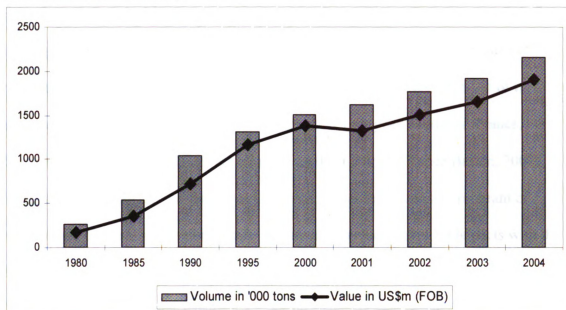
Initially, fresh fruit exports were limited by the infrastructure and communication systems of the country. However, since 1990, extensive public investment has taken place in building and upgrading roads, port facilities, airports, electricity, water, and telecommunications. For example, in 1990 only 186 miles (300 km) of two-way highways existed, which was expanded to over 1800 km (1118 miles) in 2002 (ProChile, 2004). There has also been extensive private investment within the agricultural sector. In particular, transnational firms have played a significant role in introducing modern production methods, such as computer-controlled drip irrigation systems, as well as the general use of agrichemicals, which allow for intensive production (Barrientos *et al.*,

1999). Today, Chile has a modern and sophisticated cold chain and one of the most advanced packing systems in the world, including 385 cold storage facilities, 100 main packing stations and 1000 packing houses in the orchards (ProChile, 2004). These facilities, together with a temperature and atmospherically controlled transportation system help ensure that fresh produce can be transported over long distances without perishing or diminishing in quality.

The Modern Export Fruit Sector

The growth in fresh fruit exports from Chile since the early 1980s has been dramatic and shows no signs of abatement. Exports have increased more than eight times, growing from 261,000 tons in 1980 to 2,157,000 tones in 2004. In terms of value, exports have increased over 11 times, from US\$168 million in 1980 to US\$1.911 billion in 2004 (Figure 6) (Gámez Bastén, 2007; ProChile, 2007). The lead exports are table grapes and apples, while avocados, kiwifruit, apricots, plums, nectarines, peaches, lemons, blueberries and pears are also important. Over 80 percent of the national production is exported, as either fresh fruit or as processed products (ODEPA, 2005b). This success has turned fresh fruit exports into the third most important economic sector after mining and forestry products, contributing 1.3 percent of national GDP (ODEPA, 2005b).

Figure 6: Growth in fresh fruit exports between 1980 and 2004 by volume and value (Gómez Bastén, 2007; ProChile, 2007).

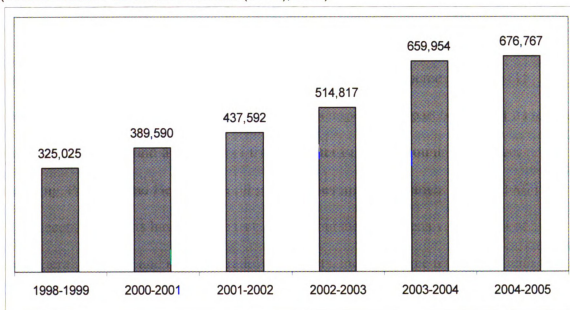


Chile has emerged as the leader in fresh fruit exports from the Southern Hemisphere. In the mid-1960s, Chile accounted for 3.5 percent of all fruits exported from the Southern Hemisphere. By 2005, that figure had risen to almost half of all exports (49.9 percent), thus surpassing its main competitors such as New Zealand, South Africa and Australia (Kremerman, 2005). Within the global market, Chile is the world's largest source of grapes and the second-largest kiwifruit and avocado producer. It leads the entire Southern Hemisphere in the production of grapes, apples, plums, peaches, nectarines, pears, berries and avocados, and comes in second as a kiwifruit producer.

Chile exports fresh fruit to over 100 different country destinations. However, some markets are more valuable and thus more highly prized than others, principally the North American and EU markets. While the figures vary somewhat from year to year, an approximate division of the global market is as follows: 39 percent goes to North America; 31 percent to Europe; 17 percent to other Latin American countries; East Asia

receives 9 percent, and 4 percent goes to the Middle East (ProChile, 2007). Exports to Europe more than doubled between 1998 and 2005 (see Figure 7). Within the EU, the leading importers are the Netherlands (31 percent), the UK (25 percent), Spain (15 percent) and Italy (12 percent). The Netherlands is important in part because of its role as a market entry point and distributor of fruits to other European countries. France, Germany, Portugal and Belgium are all growing destinations (Gámez Bastén, 2007). More recently, exports have shot up as Chile has pursued an extensive program of multilateral, bilateral and regional trade agreements, including free trade pacts with the US, the EU, China, India and South Korea.

Figure 7: Growth of fresh fruit exports to Europe (in Metric Tons) between 1998 and 2005 (Source: Chilean Fresh Fruit Association (CFFA), 2007).



Growers. The development of the export fruit sector produced in Chile what Murray (2002:427) calls a “two-track” agricultural system, comprising successful large and medium export-oriented growers on the one side, and small-scale inward oriented peasants and rural labourers on the other.” Active within the export sector are some 7,800

growers producing from 222,000 hectares (in 2004) of cultivated land.²² According to the VI National Farming and Livestock Census (1997), there are around 112,000 fruit farms registered, of which 90 percent are subsistence and small producers (see Table 2). However, of the hectares registered as cultivated area, almost 70 percent are in the hands of medium and large growers (see Table 2) (Kremerman, 2005). As well, it is likely that land ownership is more concentrated than indicated by formal land tenure since larger producers often own more than one farm, which is not reflected in the data (Barrientos *et al.*, 1999).

Table 2: Distribution by type of producer (%) (Kremerman, 2005).

	Sub-sistence	Small-holders	Medium	Large	No Classification	Total
No. of fruit farms	30.0	58.8	6.0	3.8	1.1	100.00
Cultivated area of fruit orchards	3.4	25.9	20.6	49.9	0.2	100.00

Exporters. Exporters play a central role as the nexus between local producers and global markets. There are 518 export firms in Chile. However, if one includes individual producers that export independently, then the number is over 700²³ (Gámez Bastén, 2007). Nonetheless, despite this large number approximately 43 percent of all exports are sold by just 10 companies (see Table 3).

²² The area planted with fruit orchards had a moderate annual growth between 2000 to 2004 of 1.5 percent, down from the 2.2 percent mean growth rates of the previous decade (1991-2000).

²³ This number has grown significantly over the past decade. Barrientos *et al.* (1999) give a figure of 300 export companies in their 1999 book.

Table 3: The main exporting companies in Chile (Source ASOEX).

	Volume 2004-2003	% Total Participation
Dole Chile SA	16,224	8.04
Del Monte Fresh	11,333	5.62
Unifrutti Ltd	10,403	5.16
David del Curto	9,718	4.82
Copefrut SA	7,868	3.9
Chiquita Enza	7,348	3.64
Rio Blanco Ltd	7,126	3.53
Frusan SA	6,009	2.98
Rucaray SA	5,997	2.97
Agricom Ltd	5,708	2.83
Total	87.738	43.48
Remaining Exporters	114.044	56.52
Total	201.782	100.00

The three largest fruit companies in the world by sales are Dole, Chiquita, and Del Monte Fresh, and each of them has a significant presence in Chile. The prominence of transnational corporations (TNCs) in the export sector reflects the military regime's strategy to open up the Chilean economy to international trade and investment from the 1970s (Gwynne, 2003). Chile was considered a sound place to operate since the state had established well-defined property rights and TNCs were given "greater freedom to operate in terms of contracts, and land and labour markets than in most competitor countries" (Gwynne, 2003:314). The lack of rigid regulatory controls on their ability to operate allowed TNCs to "integrate upstream and purchase orchards and land from farmers or other companies in order to extend their vertical integration in the sector" (Gwynne, 2003:314). Sergio, a top executive for one of the largest exporters, described it to me like this:

In contrast to other Latin American countries, Chile is a great place to do business, there's little corruption, the laws work well and if you want to sue a grower for breach of contract you can, in contrast to other countries. The tax laws here are really good in comparison to, for example, the US. It's easy and efficient to do business. For example, if

you reinvest in your company you only pay 16 percent in taxes versus 35 percent if you don't. The Pinochet government was fundamental to developing a successful economy and a good economic environment for business in contrast to other dictators and other Latin American countries.

There are also a number of large Chilean exporters, with David del Curto, who works with 400-500 growers, the largest. More recently, medium-sized companies (those who export between 3 and 8 million cases), such as Agricom, Copefrut, and Frusan, have reduced the market participation of the traditional four largest companies (Dole, Del Monte, Unifrutti, and David del Curto). In part, the barriers to entry have declined as the industry has matured. Larger growers have become more technologically and market savvy and with their significant production volumes they have the opportunity to access the external market directly (Gámez Bastén, 2005). It is also important to note that the division between producer and exporter is not clear cut since the largest businesses tend to do both. Many exporters, such as a Dole or an Agricom, own their own land, produce their own fruit, as well as utilize contractual arrangements with other producers to buy and sell their fruit (Kremerman, 2005).

There are several important organizations within Chile representing the interests of the export fruit sector. The Association of Exporters (ASOEX) is perhaps the most influential organization. It was created by 73 export companies who represent about 85 percent of the export fruit volume (Díaz, 2004). Sergio explained:

ASOEX has been influential in winning the support of government in this area [of EurepGAP certification]. The government here is concerned with good production because it realizes that to compete successfully in the world it needs to be the best. So the concern by government is new. ASOEX is extremely effective as a lobbying group. The Chilean fruit industry is fortunate in that it's viewed as a Chilean business so it receives broader support and little criticism in contrast to the mining industry that is seen as foreign owned and one that sucks

resources out with little in return for Chile. ASOEX is seen as a Chilean association.

Part of ASOEX is the Chilean Fresh Fruit Association (CFFA), which is also industry funded with the purpose of promoting Chilean produce in its overseas markets. Closely associated with ASOEX is the Fruit Development Foundation (FDF), a not-for-profit private organisation founded in 1992 by a group of exporters and producers of fresh fruit. FDF's objective is to conduct research and development that will improve the sector's international competitiveness. Some 30 member companies finance the institution through a contribution from each case of fruit exported. FDF is the executive secretariat for the ChileGAP scheme (see below).

On the other hand, the non-profit organization, Fedefruta (Federación de Productores de Frutas de Chile), argues that it works to promote and defend the interests of the entire national fruit sector, including small and medium producers. Established in 1985, its membership consists of over a thousand producers and some 22 associations through the country (Díaz, 2004).

Advocating EurepGAP

Proponents of good agricultural practices broadly and EurepGAP specifically include the major growers and exporters, as well as key public and private organizations concerned with the export fruit sector, especially ASOEX, the CFFA; Fundación Chile;²⁴ FDF and the Ministry of Agriculture (MoA). Furthermore, representatives of the large producers and exporters are also integrated into the EurepGAP organizational structure and

²⁴ Created in 1976, Fundación Chile is a non-profit company funded by the Chilean government and the ITT Corporation in the US. The company's purpose is to conduct research and development and develop human capital on behalf of the country's key economic sectors, including the fruit sector. In terms of EurepGAP, Fundación Chile provides training and technical assistance to producers, exporters, university specialists, as well as to other companies that provide training in EurepGAP.

decision-making process, participating in a variety of leadership roles and committees, ostensibly to represent the interests of all Chilean growers.

In 2007, supplier membership to EurepGAP included the CFFA, the exporter Copefrut, and FDF. Fundación Chile is an associate member. Ricardo Adonis, Technical Manager of FDF, is a member of the “Fruit and Vegetable Sector Committee,” which was established by EurepGAP to “represent the views of our global membership in a group focused fully on the needs of the Fruit and Vegetable Sector” (EUREPGAP, 2007b:npn). The group is also responsible for working with the sector to implement the new 2007 version of the standard, “reaching out to a wide range of stakeholders to tackle emerging issues as well as developing future versions of the standard” (EUREPGAP, 2007b). Arturo Costabal, the director of the export company Unifrutti, explained that the “FDF and the Exporters Association (ASOEX) have fought to maintain requirements that are reasonable” (Harcombe, 2007:npn).

However, the export fruit sector is not homogeneous and tensions between different organizations were quietly revealed to me during interviews. There is concern within the industry, especially by some of the smaller players and their representatives, that the standards advocated by ASOEX favor the interests of larger growers and exporters who have greater access to the association than do smaller exporters and growers. Thus, we cannot assume that the ‘reasonable demands’ and other positions put forward by ASOEX and its associated organizations within EurepGAP are representative of the views, concerns and interests of different growers within the sector (and certainly not of workers).

Implementing EurepGAP

While the first EurepGAP protocol was established in 2001 it has taken some time for supermarkets to make it mandatory for their suppliers to have it in place. Retailers established target dates at different points in time, only to push them back in recognition that an insufficient number of suppliers could meet them (Busch *et al.*, 2005). Finally, the UK market became the first to set a deadline of January 2004, after which EurepGAP would be mandatory. While I was in Chile, EurepGAP was still not obligatory for supplying retailers in the EU. The UK market in general and supermarkets such as Tesco in particular, were consistently referred to by participants as by far the most rigorous in terms of standards. As Suzanna, the manager of one certification body put it: “The UK sets the benchmark due to their due diligence laws, then Europe follows.”

Even for large and reasonably sophisticated operations, implementing EurepGAP and achieving certification is a time consuming process, often taking a year or longer. However, by the end of 2006, 1080 growers – approximately 14 percent – had accomplished just that (EUREPGAP, 2007a). According to FDF, between 40 and 50 percent of all export volume going to Europe had certification (Harcombe, 2007). In terms of the number of growers certified in 2006, Chile stood in 11th place out of 80 countries (EUREPGAP, 2007a). Obviously these numbers do not reflect how many growers are in the process of becoming certified and most of the major growers and exporters with whom I spoke explained that many of their suppliers are still implementing GAP and have not yet achieved certification. Lorenzo, the Food Safety & QA Manager for a major grower/exporter explained:

We own 70 farms ourselves, which produce 15 percent of the volume of our exports. We also have 660 contracts with 454 growers (some growers have more than one farm). About 30 percent of our growers

supply about 50 percent of our volume. We export 30 percent of our product to the US and 45 percent to the EU. Each year we talk with [our] growers about setting a target to achieve EurepGAP by the following season. Two years ago we had 53 growers certified with EurepGAP and we ended last season with 153 growers certified. This meant that 48 percent of our export volume is certified with EurepGAP. We also audit growers ourselves every year following the EurepGAP standards.

Adrienne, the Food Safety & QA Manager for another large producer/exporter explained:

[This company] is a large producer with about 1,000 acres owned by one person. We also have about 70 suppliers with an average of 40 hectares. Our growers have EurepGAP if selling to Europe, Nature's Choice if selling to Tesco and US GAP if going to the US. We started to put EurepGAP in place two years ago. Only producers who sell to Europe need EurepGAP since the Europeans are much more concerned about labor and environmental issues. The US is only concerned about phytosanitary issues. All of our growers have GAP but are not [necessarily] certified.

In assessing the benefits, EurepGAP enthusiasts– who tend to be the larger producers and exporters as well as the MoA – put forward three main points: that the protocol would 1) help improve their competitive capacity, 2) help establish and maintain a good reputation, and 3) establish modern – and thus sound – management practices. These points were often made in reference to their importance to Chilean production as a whole and not simply with regard to individual players. Among growers who found EurepGAP more of a challenge, one could find on the one hand those who were doing it simply because they had no choice, and on the other hand, those who found considerable personal value through the implementation process. I now turn to discuss these themes in more detail.

a) *Competitive Advantage.* Since the return to democracy in 1990, successive governments have remained committed to a continuance of neoliberal economic policies

that will allow them to deepen the country's participation within the global economy²⁵ (Murray, 2002; Gwynne, 2003). The state supports developing policies that are "aimed at generating favourable conditions for the development of a profitable and competitive agriculture", capable of competing in the international economy (ODEPA, 2005b:72). In a newspaper interview, the Minister of Agriculture, Álvaro Rojas, explained:

We also still need to reinforce our country's image, the Chile brand name in world markets. While it's true we are present in all the world's markets, our image as an exporter of healthy, secure food products is still very weak." Consequently, we need "a more massive emphasis on quality. Which is to say that the nation's entire agricultural community needs to be operating from a Good Agricultural Practices platform" (Santiago Times, 2006:npn).

The MoA recognize that significant changes are occurring within the international marketplace. They argue that while Chile has demonstrated its capacity to compete with the most efficient agricultural countries, its "position is not exempt from uncertainty" (ODEPA, 2005a:11). They explain that "to participate in the world food system or to gain entry to the value chain, producers cannot just be efficient and competitive, but they must also honor the requirements demanded by [supermarkets], which in turn reflect consumer preferences and the concerns of civil society, as well as industry efforts to improve efficiencies" (ODEPA, 2005a:23). Producers have to recognize the "importance of food safety, quality, perception of the environment and to a lesser degree labor", and respond to demands from their major markets for good agricultural practices, together with inspection strategies related to their compliance (ODEPA, 2005a:22). As quality

²⁵ Chile's Minister of Agriculture, Álvaro Rojas, explained that one of the state's goals is to become a global agricultural powerhouse and to "be among the top 10 food-exporting countries in the world" (Santiago Times, 2006:npn). According to the article, the rate of exports would have to double from its current value of US\$8 billion to accomplish this.

certifications become an indispensable tool for access into foreign markets, the sector must expand its systems of quality certifications and traceability.

The international environment for fresh fruit exports is extremely competitive and is expected to become more so. Chile faces tough competition not only from some of its traditional rivals, such as New Zealand, Australia and South Africa but also growing competition from countries such as Brazil, China, India, and Argentina who are emerging as major fruit producers and exporters. Many growers argue that to remain competitive in the global market, it is necessary for them to participate in establishing private agrifood standards and certification schemes. For some of the larger growers, for whom implementing EurepGAP was less of a challenge, they hoped that certification would provide them with a comparative advantage over their competitors. For example, Carlos, the manager of exports for a major grower-owned export company explained that their growers (none of whom were small) were among the first in the country to gain certification. They had decided that as a competitive strategy they would take the initiative and establish EurepGAP as well as other certifications (they also all had or were implementing Nature's Choice as well) often before they were even required to by buyers. They used these certifications as a competitive strategy, explaining in their negotiations with buyers that this demonstrated initiative on their part as well as a desire to lead on food safety and quality issues.

While the US is the main destination point for Chilean fruit, in such a competitive environment, participants cannot afford to close the door to any market. According to Maribel, a program director with ASOEX, producing for a single market can be risky and growers who have the capacity want the flexibility of being able to direct their fruit to

different markets depending on demand, quality and price. She explained that “all the technologically advanced producers have chosen to certify themselves with EurepGAP, independent of variety and independent of the market.”

b) Reputation. Efforts to position and retain Chile’s role as a world leader in the export of fresh fruit depends on establishing and maintaining a good reputation as a trustworthy supplier of safe and quality products (Chilean Fresh Fruit Association, 2004). The ‘poisoned grape incident’ remains the exemplar of what can happen to an entire industry if there is a food safety problem. In 1989, the US imposed an embargo on Chilean fruit imports after two grapes that were supposedly laced with cyanide were discovered by US port authorities in Philadelphia. The closure of the US market for the following fruit season was devastating for the industry, resulting in “a massive fall in prices and severe financial hardships for both Chilean fruit companies and farmers” (Gwynne, 2003:313-314). The executive Sergio explained:

...as an industry we’re concerned with defending ourselves as any food scare affects us all. If there’s a problem with a grape it’s not recognized as Juan Ortiz’s grapes, but ‘Chilean grapes’. So, we’re supporting FDF’s efforts [to expand certification efforts] because we need a good face for the entire industry, even though we compete with each other.

Thus, a key reason for implementing EurepGAP is the reputational benefits that certification is perceived as providing. When Chile began to develop as an exporter, international competition was not so fierce. As a result, they were able to get away with selling fruit that was of variable quality. However, poor quality fruit has the potential to undermine both the reputation and the price for all Chilean products (Barrientos *et al.*, 1999). Some participants felt that there still remains a challenge in countering Chile’s image abroad as a ‘developing’ country and a producer of poorer quality fruit.

Participants would frequently point to the success that New Zealand has had in creating a positive global image as 'clean and green' and the need for Chile to create a similar 'brand.' Certification is seen as a tool that can help create a positive brand and demonstrate to buyers that the industry is as sophisticated and focused on safety and quality as any other.

MNCs operating in Chile, such as Dole, Chiquita or Unifrutti, can be particularly sensitive about their reputation since they have found themselves the targets of campaigns for CSR by social activists in Europe and the US. These companies are aware of the importance of protecting the company's international image and its valuable brand-name against potential criticism from NGOs or the media. Sergio explained to me that his company welcomed certification because they felt that it was an invaluable tool for countering any public criticism about its practices as well as countering claims of legal negligence.

These new standards are market driven. It started with environmental issues with the Green movement in Europe. In the US there is not such a strong movement so there is little pressure from there. [We are] concerned with our reputation because we're exposed because our banana business is 'an elephant' for us. The environmental movement together with political movements has targeted banana plantation practices. ... So yes, we are exposed to NGO pressure. ... In the US it doesn't really matter but in the EU bad publicity can affect your business, so the effects of NGOs are not good for us.

Also, the supermarkets are paranoid as they are the last connection with the consumer. There are the legal issues, if somebody gets sick, they will go back to the supermarket, who will go back to their supplier. It's become a business necessity to put your best foot forward. We have found having certifications really crucial to defending ourselves [emphasis added].

The interviewee then provided an example for me, recounting a story of how his company used its EurepGAP certification to counter a claim made by a reporter for a

major US newspaper that a worker on one of its farms had said that the company was using the pesticide Paraquat.²⁶

[When the reporter called me asking me for my response to this claim] we could go back to our records and demonstrate that this was not true. We feel that we have always treated our workers well, been very concerned about the environment, use of pesticides. Our company complies with all the laws and with international standards and now with certification we have the documentation to demonstrate this, so we're not just saying it anymore, we can counter any accusations, so from a PR point of view – and I'm always answering to reporters – it's excellent because we can demonstrate what we are saying with certification. The US is a very litigious society so again having our practices documented is a good thing. On the other hand, it's true that supermarkets don't want to pay more and most consumers don't want to pay more for these products. So still a lot of product sold where people couldn't care less how it was produced. [This company] is in the public eye.

c) Market Access. While many within the industry see strategic advantages in having EurepGAP, others are simply resigned to the fact that they have little choice in the matter. Growers are under enormous pressure to implement EurepGAP, especially from their exporter but also from industry associations, such as ASOEX, and the government. The message is clear: EurepGAP is not going away and if you do not want to be excluded from the valuable UK and European market – or even the supply chain associated with your exporter – then you had better start to act. For the less enthusiastic, EurepGAP is simply the latest round in what feels like a never-ending upward spiral of buyer demands, or yet another effort by European producers to gain a comparative market advantage by creating economic barriers for imported produce. In these cases, growers were simply concerned with doing the minimum necessary to ensure certification and stay in the game. Often the reluctance to implement EurepGAP is attributed to not only financial

²⁶ Paraquat is a highly toxic herbicide, which is not banned in Chile but is classified by SAG as in “restricted use.”

reasons but also cultural reasons, or an adherence to tradition. As Ricardo, an auditor who also worked for a grower association, put it:

There are two types of producers. There are those producers who are older, who have been doing this for a long time, and for whom it costs more to implement GAP. So it is a problem for them. And then there are other producers who are more willing to take on GAP. They know that it's more of a benefit than a cost – that it will open doors for them. The minority are those that do not want to do it but they all know that they must.

d) Personal value. For some growers the value of EurepGAP is largely personal. Participants, especially very small growers, talked about the sense of personal pride and self-esteem they felt at being able to demonstrate competency in meeting an international standard and certification system. To successfully implement GAP, most growers require some form of training, whether it is in the maintenance of machinery, how to manage the paperwork, hygiene, or safe handling and use of agrichemicals. Growers appreciated the opportunity to learn new skills and techniques related to issues of food safety and quality as well as the health and safety of themselves and their workforce.

Risks and Challenges

There are then considerable opportunities and benefits for those growers who are successfully able to implement EurepGAP. Nevertheless, the challenge of achieving certification, especially for smaller growers, is considerable. In particular, smaller growers with less formal education and fewer resources face the greatest hurdles in dealing with the costs and complexities of EurepGAP. This section addresses some of these challenges.

Costs. The main challenge identified by all participants is the cost to growers. There are both immediate and long-term expenditures associated with EurepGAP in

terms of time, personnel, and resources. Grower outlays might include, for example, personal training, infrastructure development, protective clothing, labor for documentation creation and management, improvements in water quality, laboratory testing, as well as the audit process itself.

To give an example of costs, a manager with INDAP explained that it is costing the government roughly 1.2 million pesos (US\$2,500) per hectare to assist small berry growers to implement GAP (see below for more information on this program).

Researchers at the University of Talca in Chile found that the implementation costs associated with general programs for GAP represent between 15 and 30 percent of the total annual costs for a grower. The costs for maintaining GAP represent between 5 and 10 percent of direct annual costs. Of course, these percentages depend on factors such as the initial condition of the farm, the level of training needed for workers, and so forth. A major exporter explained that their small growers needed to expand their revenues by about 10 percent to cover the extra costs of certification, which he argued was extremely difficult to do. On the other hand, these costs are less burdensome for larger growers when averaged out over their returns.

The biggest challenge for growers is the cost, for example, to build new pesticide and fertilizer storage sheds. If a grower is small they need to expand their revenues by about 10 percent to cover the extra costs. For big growers certification is not a big deal since the cost per box is far less (Lorenzo, manager, a major exporter/grower).

There is an increase in the costs. The first year is the highest in terms of the costs for infrastructure and training. Everyone, regardless of size, pays \$US600 a year for certification (Adrienne, manager, major exporter/grower).

a) Infrastructure. In general, EurepGAP certification involves considerable investment to install or upgrade infrastructure. For example, EurepGAP requires secure

storage facilities for all agrichemicals, pesticide disposal tanks, toilets, showers and hand-washing facilities, and a basic level of accommodation for migrant laborers. According to auditors, much of this type of infrastructure was absent or in very poor condition even on larger farms.

It is important to realize that many of these standards are not prescriptive but are intended to have some level of flexibility to ensure that smaller growers are not automatically excluded. For example, one of the standards requires a secure agrichemical storage facility. While most growers build a storage shed, it is possible for smaller growers to use a locked metal box instead that would be cheaper to buy or construct. Certainly, I found considerable variation in the quality of some infrastructure. For example, housing for workers varied considerably from brand new housing and dining facilities to bunk beds in an old bus.

b) Laboratory Tests. To comply with EurepGAP, growers must pay for any independent laboratory tests required in the protocol. For example, a Major Must²⁷ requires an accredited laboratory to conduct an annual test on fruit samples for pesticide residues, as well as a microbial assay of irrigation water. Other tests are recommended, for instance, that irrigation water is tested for potential chemical or physical pollutants, and similarly, if post-harvest washing water is not potable then it should be analyzed.

c) Certification. According to EurepGAP, since it is the responsibility of growers to be able to demonstrate their compliance through independent verification, they must assume the costs of verification (EUREPGAP, 2007b). EurepGAP does not set the fees that auditors charge growers for certification. Rather these prices are set by the auditing

²⁷ The Protocol divides its standards or 'Control Points' into "Major Musts" which require 100 percent compliance; "Minor Musts" that require 95 percent compliance and "Recommendations," which are inspected by auditors but are not a prerequisite for gaining certification (EurepGAP, 2001:10).

firms themselves based on the market. In Chile, the cost for certification was approximately \$US600 a year regardless of size. Other costs associated with certification include an annual registration fee of €5 that growers must pay to EurepGAP and a certification license fee of €20 for each completed inspection (EUREPGAP, 2007b). I discuss this in more depth in chapter 6.

d) Record-keeping.

The main issue that growers have with EurepGAP is all of the paperwork, which they don't like to do (Adrienne, manager, major exporter/grower).

Creating and maintaining the documentation required for EurepGAP certification is a major challenge for many growers both financially and intellectually. The amount of paperwork is substantial as detailed records must be kept of the practices and transactions that take place on the farm in relation to crop handling and production. From EurepGAP's perspective, if there is a problem, such as a failure to meet MRLs, they want to be able to use these records to have complete traceability back up the supply chain to the source of the problem. As well, as I describe in chapter 6, an assessment of these records is used by auditors to judge grower compliance with the majority of EurepGAP's standards.

Growers find that record-keeping is often a full-time job. The challenge for those growers who wish to do the paperwork themselves is the level of reading, writing and math skills required. While Chile has achieved a high level of literacy rates since the return to democracy, formal education among farmers – especially older farmers – and in rural communities is lower. Consequently, if there is not a family member who can take on this position many growers are faced with the expense of employing someone, either

because it is so time consuming or they do not have the necessary skills to do it themselves.

There are, and will remain, a significant number of growers for whom implementing EurepGAP is either a considerable challenge or an insurmountable obstacle either in terms of financial resources, technical skills, education or all of these.

Squeezing the Supply Chain

While retailers talk about corporate responsibility, fair trade, and ethical trade, there is little evidence that these values have been incorporated into mainstream trading relations between buyers and producers or between “the standard makers and standard ‘takers’” (Fox and Vorley, 2006:170). The reality remains that while retailers compete on quality, price is not irrelevant to delivering higher profits, expanding market share and satisfying shareholder demand for higher returns. As I discussed in chapter 2, oligopolistic retailers use their concentrated and centralized power to squeeze the best returns possible from their suppliers. In 2001 and again in 2005, British Prime Minister Tony Blair described the relationship between supermarkets and producers as an “armlock” (Tallontire and Vorley, 2005). Part of this squeeze is to shift compliance costs associated with their standards onto upstream actors within the supply chain. Thus, while Northern retailers demand changes – for better food safety, fewer pesticide residues, and higher quality – there is little willingness to pay. Since most fruit is sold directly to retailers and there are so few supermarkets controlling access to consumers, this provides retailers such as Tesco and Asda with the ability to exercise buyer power. Suppliers have few other viable alternatives for distribution that offer them the same scale and economic benefits (Fearne *et al.*, 2005).

The share of the costs, risks and benefits of EurepGAP's "one-size-fits-all' model" (Fox and Vorley, 2006:170) are not distributed equitably throughout the supply chain. Growers are not necessarily unhappy about instituting EurepGAP; however, there is frustration that supermarkets are not prepared to offer a price premium for certification. Thus while fruit prices between 2000 and 2006 remained relatively stable²⁸ (Gámez Bastén, 2007), producers were expected to absorb the entire added cost of EurepGAP. From my interviews, retailers argued that this was justified since they believe that overall EurepGAP is a benefit and not a burden for growers because it gives them access to the valuable UK and EU marketplace.

Growers operate in a very challenging production environment; moreover growers expressed frustration at trying to meet what often appear to be contradictory demands from retailers. A reoccurring theme from participants (and often a point of contention) was that despite all the talk, guaranteed supply and quantity still trump quality. Thus, while insisting on EurepGAP certification, in practice the number one criterion required by buyers is consistent supply. Offering produce year round is an important selling point for retailers. That means, however, that customers expect to find what they are looking for at any time of the year. Finding empty shelves instead could lead to them to shop elsewhere. Participants would explain that in a flush market buyers could afford to be choosy and would give preference to certified fruit but that in a tight market, even in the UK, buyers were willing to take non-certified fruit. Lorenzo explained:

²⁸ However, these figures hide the fact that at the individual level, the prices can vary considerably for producers who can be affected differentially due to a multiplicity of factors, including the volume they export, their mix of product, where they export to, the quality of their fruit, the kind of contractual relationships they have with their buyers, and so forth (Gámez Bastén, 2007).

But the key thing with supermarkets is your commitment to volume. If you promised 10,000 boxes during a certain period, then they want to know that you will supply it. We have agronomists that go out and estimate the volume for the next 4 weeks, and this is the information we use to offer volume levels. Credibility is really important especially in relation to supply. This is an advantage for [us] because we have the volume to meet the demand.

The current structure and governance of global value chains and agrifood markets suggest that as producers continue to get squeezed, concentration of the export fruit sector may be inevitable as retailer strategies that reward economies of scale permeate through the supply chain and small producers find they can no longer afford to compete. As I discussed in chapter 2, retailer strategies contribute to a rationalization of the supply chain. UK retailers have consolidated their supply base, preferring to deal with fewer ‘dedicated suppliers’ who tend to be the more sophisticated producers who have the capacity to meet their rigorous demands for flexible production schedules, just-in-time delivery systems, guaranteed quantity *and* ever-more stringent quality. With this strategy, retailers hope to reduce their transaction costs, enhance quality assurance and traceability systems, and thus reduce the risk of any problems associated with food safety and quality (Fearne *et al.*, 2005).

Within Chile supermarkets tend to deal directly with the major producer/exporting organizations, the likes of a Dole or a Unifrutti. With these suppliers retailers develop close, tightly managed working relationships and retailers conduct regular source visits to check up on them. These organizations in turn rely on – and are responsible for – a network of contract growers or ‘outgrowers.’ In theory, producers and exporters are independent actors who operate in a free market relationship with each other. However, in practice, their economies of scale, connection with major retailers, access to the global

marketplace and to capital, provide major exporters considerable bargaining power and regulatory control over their suppliers.

According to Key and Runsten (1999: 382 *cited in* Gwynne, 2003:314), contract farming is “an institutional response to imperfections in markets for credit, insurance, information, factors of production.” For example, exporters are an important source of financial assistance, providing loans for growers to cover their costs of production as well as any outstanding debts (Díaz, 2004; Barrientos *et al.*, 1999). This system originated in the 1980s when banks were not prepared to loan money to growers; even today options for accessing bank credit are practically non-existent (Díaz, 2004). The contract established by the exporter with their supplier, which ties together loans, technological inputs, food safety and quality standards and payment terms, can be highly demanding for the grower. Many of the risks involved, such as that of the final price, are carried by the grower and not the exporter (Díaz, 2004; Gwynne, 2003). Certainly, the large number of independent exporters in Chile and anecdotal evidence from my interviews suggests a high level of dissatisfaction with this relationship, where growers felt that the costs and risks involved in working with an exporter left them struggling to survive. Thus, many larger producers who have the resources and capacity to export directly attempt to do so.

As the nexus between growers and the international marketplace, exporters now play a critical educational, technical and financial role in bringing selected suppliers or ‘out-growers’ up to speed on EurepGAP. Exporters are obviously motivated to assist suppliers to achieve certification since their business depends on outgrowers and their

reputation is on the line if a problem should be found with any of their products.²⁹

According to one industry association representative:

The exporters have had a very participatory role where they have led everything concerning the implementation of quality management systems such as EurepGAP They play a very important role in organizing their producers, providing information, obtaining suitable professionals and consultants to help growers implement it – it has not been left to the producers.

The use of out-growers by big companies is very common, e.g., by Unifrutti. Some companies want all of their out-growers to be certified. Big companies hire someone specifically to ensure that all of their out-growers are implementing and achieving certification (Suzanna, manager, certification company).

Traditionally, exporters employ professional agronomists who advise and monitor growers. They also establish a strict timetable throughout the year that fruit growers are expected to follow (Gwynne, 2003). Agronomists provide growers with a range of technical support and advice concerning, for example, when to apply inputs (often supplied by the exporter as part of a financial package), what varieties to plant, when to apply pesticides, hormones and fertilizers, what production methods to use, and when to harvest (Barrientos *et al.*, 1999; Díaz, 2004). In terms of EurepGAP, exporters now conduct training and workshops that might address how to calibrate machinery, identify and monitor pests, general hygiene matters, worker health and safety, and fruit safety. In other cases, exporters will contract with experts to do the training with their growers or where possible use government training programs, so that the grower only has to pay for implementation. For example, chemical companies do free training on using pesticides as

²⁹ I am not making any claims here regarding the *degree* of compliance that exporters ensure from their suppliers. However, it is important to note that some participants in my study, including government officials working directly in this area, questioned the ability (or the desire) of exporters to have complete control over their suppliers or that certified and non-certified fruit did not get mixed up. As well, while exporters would tell me that, for example, “all of their suppliers had GAP in place” my direct observation of their suppliers contradicted this.

well as personal safety issues, and government agencies, such as SAG and SENCE, the National Agency of Training and Employment (Servicio Nacional de Capacitación y Empleo), also conduct training (see below).

The greatest challenge [for us] is changing the thinking of producers and training them. Some producers need it more than others, especially the smaller ones (Adrienne, manager, major exporter/producer).

With training for EurepGAP, we try to create a group of growers to implement. We provide technical support for growers. We visit growers on a regular basis, which increases during harvest time; we check spray records, harvest intervals, to ensure that they are doing it correctly (Lorenzo, manager, major exporter/producer).

A potential predicament for small growers is that this reliance on exporters for financial assistance, free technical advice and training reinforces a dependent relationship on them. A consequence is that the decision whether to implement EurepGAP or not may simply be taken out of the hands of producers. Concerned with protecting their credibility and relationships with retailers, exporters can play a gate-keeping role determining who will and who will not participate in EurepGAP. In my interviews, it appeared that exporters had generally established a ballpark figure below which they did not think it was worthwhile having their out-growers participate. As the following representatives of exporters explained:

The apple sector is where we have our biggest challenges because many of the growers here are small. We have two specialists to teach them about standards but we have some growers with 5 to 10 hectares who will never get certified, but we can use them to supply to Latin America. Anything less than 10 hectares is not worth it for certification (Lorenzo, manager, major exporter/producer).

I believe that there is a minimum farm size, for example, 2 hectares, below which it is not worthwhile, not cost effective, to implement EurepGAP (Adrienne, manager, major exporter/producer).

The product from growers who do not achieve EurepGAP is then directed towards less lucrative markets that are less rigorous in terms of standards. However, the options for non-certified growers are declining as the number of markets demanding some form of certified GAP system (let alone other audited standards) is growing. In part this reflects the insertion of Northern retailers into new markets, such as Latin America. In an effort to reduce their transaction costs and to protect their brand name internationally, these MNCs often impose uniform standards requirements across the board in all of the markets in which they operate (see e.g., Reardon and Berdegue, 2002; Reardon *et al.*, 2003). Thus, Chilean growers who do not implement EurepGAP may find that there exist fewer and fewer options for selling non-certified fruit to other markets.

In other cases, participants reported instances where growers were simply dropped altogether by exporters for failing to implement EurepGAP. In fact, several exporters explained that while they do not require that all of their growers be EurepGAP certified, they are requiring that growers comply with GAP, especially EurepGAP's Major Musts. Contracts will specify that produce that does not comply with these standards is simply not accepted.

Thus, the supply chain practices, structures and decisions established by both retailers and exporters play a significant role in determining the economic future of many growers. In many respects, there is a sense of inevitability, including from the MoA (ODEPA, 2005a), that economies of scale are now necessary to ensure the survival of producers in an economic environment of increasing costs and diminishing returns. Others believe that this process is already occurring:

Last 10 years size of growers has changed. Before many growers with small volume. Today, income revenues have declined so there are fewer

smaller growers. The industry is more concentrated. For big growers certification is not a big deal since the cost per box is far less (Lorenzo, manager, major exporter/producer).

ChileGAP

EurepGAP is aware of criticism that their protocol imposes a disproportionate burden on growers, especially small growers, in developing countries. To counter these criticisms, EurepGAP has instituted several instruments that they argue will make certification more affordable to growers and hopefully more palatable. First, growers are offered the option of group certification versus individual certification, which can reduce their costs. Second, they advocate the development of in-country certification schemes that can be approved as equivalent with EurepGAP standards through a process of benchmarking. This involves a comparison of the standards of the in-country scheme with EurepGAP and an agreement to adhere to them through contractual obligations agreed upon between the standard owners and EurepGAP (EurepGAP, 2005b). Producers in that country who gain certification to the national standards will also achieve compliance with EurepGAP standards.

As of September 2006, nine schemes around the world were benchmarked with EurepGAP for fruits and vegetables including Chile's national scheme ChileGAP (Moeller, 2006). In fact, Chile was the first country to develop such a national scheme. ChileGAP was mandated by ASOEX and it is implemented by FDF. ASOEX and FDF were eager to establish ChileGAP because it would eliminate the need for multiple audits by satisfying standards recognized by both the European and US market (especially EurepGAP and USGAP). According to FDF, ChileGAP is the only scheme in the world that has harmonized the requirements for EurepGAP and the US's Davis Fresh Technologies US GAP standard. Benefits thus accrue to those growers who sell to both

markets and who wish to reduce the costs of multiple certifications. As of March, 2007 some 143 growers were ChileGAP certified.

The main proponents of benchmarked schemes, such as ChileGAP, are not small growers but rather EurepGAP together with major industry players, such as ASOEX. While ChileGAP certainly reduces the costs associated with multiple audits, it does little – in many cases nothing – to address the challenges faced by small growers, especially the costs involved in implementing the standards themselves, as discussed above. Perhaps, the main beneficiaries will be the members of EurepGAP, who have made it clear that benchmarking is an important instrument for expanding EurepGAP's geographical coverage, thus providing a “key pillar” in facilitating its goal of becoming a “truly global standard” (Moeller, 2006: npn). Rather, the main support for making EurepGAP viable among smaller growers is not the private sector, but the Chilean state. It is to their efforts that I now turn.

Supporting Small Growers: GAP and the State

While successive democratic governments have remained committed to neoliberal economic policies and global integration, they have also been conscious of, and attempted to address, problems of social inequalities and poverty. President Ricardo Lagos (2000-2006) argued, ““We will need as large a State as is socially-necessary. Free markets are not perfect and the State must be present where needed to create equal access, to stimulate cultural development and to redress existing inequalities”” (*cited in* Murray, 2002:430). Kay (1993) has termed this social conscience subordinated to the free-market as ““neoliberalism with a human face”” (*cited in* Murray, 2002:430).

Within this context, the government developed its *reconversión* strategy, which is at the heart of its agrarian policy. Kay (1997:7-8) explains that “in a broad sense *reconversión* measures aim at enabling and improving peasant agriculture’s ability to adapt to Chile’s increasing exposure to global competition and to enter into the more dynamic world market by shifting their traditional production pattern to new products while at the same time improving their efficiency thereby increasing their competitiveness” (cited in Murray, 2002:432-433). The state believes that its export oriented strategy “will improve the income level and quality of life of all agriculture producers” in the country and that “small and medium-sized farmers, as well as rural inhabitants and workers” will benefit from these policies and outcomes as well (ODEPA, 2005b:72).

As part of its *reconversión* strategy, the government has adopted policies intended to aid the thousands of small and medium-sized producers who are not part of the export process achieve the level of “external competence” necessary for them to participate (ODEPA, 2005a:11). To assist the sector position itself as a producer of ‘safe, high quality agriculture’, the government is supporting and prioritizing the implementation of standards and certification schemes that demonstrate good agricultural practices. Currently, certified standards are only required in the export sector; however, the government argues that in the long run standards for national and international markets will need to operate indistinguishably from each other (ODEPA, 2005a). The MoA argue that the public sector should provide specific support to small and medium producers with the objective of helping them to comply with the necessary requirements for participating in these systems. They acknowledge that this will require significant

investment at both the farm level and the packing shed (ODEPA, 2005a). To ensure success, it is necessary for producers and exporters in the private sector and professionals and authorities in the public sector to work together.

National Commission of Good Agricultural Practices. To this end, in 2001 the MoA established the National Commission of Good Agricultural Practices (Comisión Nacional de Buenas Practicas Agrícolas), which is made up of representatives from 21 public and private sector organizations.³⁰ The impetus for creating the Commission grew out of the experiences of the export fruit sector who were the first to recognize the growing importance of GAP internationally. The group's objective is to advise the Ministry on policy formation in relation to GAP within the agriculture and livestock sectors.

The GAP guidelines they have developed are based on international GAP protocols, such as EurepGAP and USGAP, though interestingly, they tend to be more extensive in terms of worker welfare, animal welfare and the environment and explicitly state the various legislation with which growers are expected to comply. Nevertheless, this protocol is voluntary and the government has no intention of making it mandatory. Rather their goal is to raise awareness about the importance of GAP and encourage its implementation as part of their broader efforts to 'modernize' Chilean agriculture and change the 'culture' among family farmers.

Instituto de Desarrollo Agropecuario. As part of the government's poverty alleviating strategy, the Institute of Agricultural Development (INDAP), an agency of the

³⁰ These include SAG, INDAP, the ODEPA, Ministerio de Salud, ProChile, Sernam, ASOEX, MUCECH, Fedefruta among others.

MoA, works with small farmers³¹ with the goal of helping them to improve their productivity, competitiveness and participation in the market. Eligible farmers can receive a range of support from INDAP, including technology transfers, technical advice, access to low interest loans, and capital operations investment (ODEPA, 2005b).

As part of the Commission on GAP, INDAP has developed a project to assist small farmers implement good practices. In 2004, they invited a select group of export producers, who they believed had the strongest capacity to succeed, to be part of a pilot program. The hope was that this group would help counter the widespread belief among farmers that ‘we can’t do this,’ by setting a positive example for others to follow.

INDAP trainers, who are organized throughout the country, have organized seminars, workshops and farm visits with groups of these farmers. They also provide individual training for each of the farmers where they: create a diagnosis (where does the farmer/farm stand in relation to the GAP program); propose a plan of action (regarding water quality, pesticide management, hygiene, etc); work with them to implement these actions and; help them to gain certification (i.e. EurepGAP) if the growers wants to.³² INDAP works with other government agencies to ensure that these farmers can access the necessary investment, training, and technology transfer that they need. At the end of 2005, 2,400 farmers who export berries and honey were involved in the program. In

³¹ Small farmers are considered those who do not have more than 12 hectares of high productivity land, even if they own 200 hectares (INDAP uses various factors to assess this). The capital of the growers must be below a certain level, and they must receive over 50 percent of their income from farming. INDAP works with around 110,000 of the 270,000 small farmers in the country. Most of these farmers are poor, many are indigenous (especially Mapuche), and largely produce for their own consumption.

³² I was fortunate to go with a group of trainers to visit three growers with whom they were working. One grower had already received EurepGAP certification and the other two had that as their goal. They all exported fruit through an exporter and EurepGAP certification was now being requested from them. Training often involved hours of work each week with the grower. As mentioned elsewhere, the paperwork was the biggest challenge.

2006, they were planning to include 2,000 more farmers involved in the avocado, table grape, and cut-flower sectors.

Other state institutions also provide free or subsidized support to assist growers to successfully implement GAP and EurepGAP. For example, SENCE, whose aim is to improve business competitiveness by promoting occupational training, offers tax incentives to companies that train their personal, and small growers can access free training. These financial incentives can be used to access, for example, the certified course run by SAG, which trains pesticide applicators in the safe use and handling of agrichemicals.

Conclusion

The leadership of the export fresh fruit industry, together with segments of the Chilean state, has embraced the concept of EurepGAP. From their perspective, it is wrong to assume that the benefits of certification accrue only to retailers. Rather, certified good agricultural practices will bring considerable benefits to the industry as a whole. As this chapter has illustrated, the export fresh fruit sector is of major importance to the Chilean economy. As competition within the global marketplace intensifies, success depends on responding quickly, even preemptively, to buyer demands. EurepGAP offers them the opportunity to enhance the sector's international competitiveness and reputation as a world leader in the production of safe, high quality, sustainable produce. Further, EurepGAP is the tool many in the industry have been looking for to help 'modernize' the sector; through standards that will improve farm management, create businessmen out of farmers, and produce a more highly skilled and educated workforce.

Certainly, participants were in part correct when they argued that EurepGAP is not a significant burden for the sector. This is unquestionably true for those growers with highly sophisticated operations, economies of scale, considerable human and financial resources, and a privileged position within the supply chain. The costs of implementing standards and certification are not that significant when distributed across their operations. Furthermore, similar to the UK supermarkets, these large-scale producers/exporters can use their position as gatekeepers to global markets, as well as grower dependency on them, as a source of financial and technological assistance, to pass some of their costs and risks further up the chain.

However, the export fruit sector is not homogenous; as with Chilean society more broadly there is considerably inequity between producers. What EurepGAP proponents often fail to acknowledge is that the share of costs, risks and benefits of EurepGAP are not fairly distributed among participants. While EurepGAP may offer benefits to small-scale growers, the challenges faced by these growers are considerable. This is especially the case when we consider that growers do not receive a price premium for EurepGAP and already operate within a high risk, highly competitive production environment. Retailers have largely been unwilling to adjust their supply chain practices, especially when they operate in a highly competitive home market. Furthermore, from their perspective, while EurepGAP may be challenging initially, in the long run it is a 'win-win' situation for both buyers and producers.

Within EurepGAP, producers and producer groups participate as 'partners,' helping to shape the content of the organization's standards and its future protocols, ostensibly in the interests of all growers. However, when we examine who gets to sit at

the EurepGAP table, we find the names of major corporate – even MNCs –exporters and producers and their industry representatives. We cannot assume that their views and actions within EurepGAP reflect the interests and concerns of small-scale producers.

What distributional outcomes within the sector can we then expect to see as a result of implementing EurepGAP? Will EurepGAP lead to a further concentration of the industry? While it is too early to conclude either way, there is certainly anecdotal evidence to suggest that this will occur. Nevertheless, perhaps ironically for proponents of ‘free-trade’ and neoliberalism, it is the practices and policies of the neoliberal Chilean state that may prove decisive in minimizing the exclusion of small-scale and family farmers from the global supply chain. Significantly, in contrast to many developing nations, Chile has a more established and sophisticated institutional and structural support system that can be utilized to assist growers. With this support we might find that EurepGAP is not as exclusionary as we might find elsewhere.

While EurepGAP is a private protocol established in the marketplace, its successful uptake by low resource growers relies in part on public sector programs and assistance, which provide support for skills building and training, financial assistance, and so forth. Large-scale producers, exporters, and retailers benefit from such ‘subsidies,’ since it minimizes the costs that they might incur ensuring their suppliers have met the standards. Obviously, this support is not free. Thus, we find that the burden of meeting the food safety and quality standards demanded by Northern retailers, NGOs, and consumers is borne not only by growers and workers within the supply chain but also the broader population, whose taxes help pay to ensure the successful implementation of EurepGAP.

CHAPTER 5

Dealing with the Pesticide Problem: Standards for Worker Health, Safety and Welfare

The great success of the exporting fruit sector that Chile has is due to the careful and conscious work of the woman seasonal worker. They are the architects of this development. Luis Schmidt, President of Fedefruta (1996-2004) (cited in MujeresChile.cl, 2004:npn).

More than 250 thousand women work as seasonal workers, creating one of the largest and most exploited labor forces in the country. A great part of the success of the export fruit sector rests in the hands of these women, who are able to toil in the most extreme conditions without failing to treat with care the fruit that passes through their mistreated hands. Juan Luis Salinas, reporter for El Mercurio, the main daily newspaper in Santiago, Chile (Salinas, 2005).

Critics argue that the economic success of the Chilean export fruit sector contrasts sharply with the precarious labor situation of workers, especially that of *temporeras* – temporary, female farm workers (Riquelme, 2000; Parra and Medel, 2004; Raworth, 2004; Caro and de la Cruz, 2005). Of particular concern is the extensive, large-scale use of pesticides that accompanied Chile's rise to world leadership in fresh fruit exports, the result of efforts by the sector to meet the stringent phytosanitary and quality standards of its export partners (Altieri and Rojas, 1999; Newbold *et al.*, 2003).³³ This growth led to imports of agrichemicals doubling between the period 1984 to 1996, from 5,500 to 13,000 tons (Newbold *et al.*, 2003). Moreover, this growth shows no signs of abatement; between 1998 and 2005 annual imports of agri-chemicals into Chile doubled again to 25,600 tons (Vallebuona Stagno, 2005b). According to the Ministry of Health (MoH), this growth, together with other factors, such as lack of workplace training in pesticide

³³ Evidence of a single pest could lead to the automatic rejection of an entire shipment of exported fruit. Between 1983 and 1989, more than 1.4 million tons of Chilean fruits were rejected in international ports after detection of a single pest in shipments. To avoid such risk and associated economic losses, Chilean fruit growers adopted the practice of intensively spraying their crops to totally eliminate pests .

handling, and non-compliance by growers with health and safety regulations, have created a serious public health problem among agricultural workers and rural inhabitants (Vallebuona Stagno, 2005b).³⁴ Over the past several years, public disquietude regarding the health and safety consequences of pesticide poisoning, especially for *temporeras*, has intensified.

In a context of poor labor conditions, low levels of organization among agricultural workers, and minimal state regulation, advocates of CSR argue that private standards have the potential to improve labor conditions in less-developed countries. In fact, EurepGAP was the first to establish a global reference standard on good agricultural practices that included provisions covering worker welfare. According to the President of ASOEX, Ronald Bown, “there’s been a major improvement in work conditions for *temporeras*” as association members have adopted good agricultural practices that include better conditions for seasonal workers (Badal, 2005:npn).

Within this context, it seems pertinent to assess EurepGAP’s standards for worker health, safety, and welfare in relation to one of the key health and safety issues facing Chilean farm workers – their acute and chronic exposure to pesticides. EurepGAP argue that their expert-developed, risk-assessed, and independently-verified standards will ensure worker welfare. However, while EurepGAP’s standards appear to offer important benefits in reducing the risk of pesticide exposure for permanent, full-time workers, the majority of whom are men, these same benefits are not extended to the most precariously situated workers – those who are female, temporary, and subcontracted. Furthermore, the increase in use of subcontracted labor illustrates that EurepGAP’s standards are limited in

³⁴ Earlier work on pesticides and farm labor include Harrison (2006), Murray and Taylor (2000), London (2001), Arbona (1998), and Andreatta (1998).

their ability to improve welfare standards for *all* workers since retailer supply chain strategies function to create, maintain and even exacerbate precarious and unsafe labor practices.

Technoscientific Standards

To achieve their goal of minimizing risk and loss of reputation with respect to global labor practices, EurepGAP developed a set of Worker Health, Safety, and Welfare standards that are a subset of their overall protocol. EurepGAP emphasize that their standards are objective, developed by experts and fully risk assessed. They explain:

The protocol has been developed by *experts* and is *heavily risk assessed*. By adhering to good agricultural practice we *reduce the risk* and there are a number of other significant benefits with respect to worker safety and welfare. To achieve their goals, EurepGAP seek to achieve global *consistency* in their standards by *verifying* best practice *objectively* with particular “reference points so that it is done *systematically* and *consistently* throughout the world” [emphasis added] (EurepGAP, 2003).

By appealing to technoscientific values, such as objectivity and value freedom, proponents of EurepGAP seek to win broad support and legitimacy for their standards and auditing system. However, standards and standard-setting bodies are not simply a benign means for handling issues of technical compatibility. The growing body of literature on agrifood standards (Busch, 2000b; Bingen and Siyengo, 2002; Bain *et al.*, 2005; Daviron and Ponte, 2005; Tanaka, 2005) has demonstrated that standards are not determined through some objective, value-neutral scientific process. Since standards are the outcome of negotiations and strategic action by certain actors – in this case retailers – they are not unbiased. Rather, their content embodies the asymmetrical power relations, interests, and values of different actors surrounding the value chain (Bowker and Star, 1999; Bingen and Siyengo, 2002). Consequently, standards are a useful analytical tool for

identifying the particular interests and values involved in a global value chain. They provide a way “to explore whose interests are articulated or who has the power to define the boundaries of discourse and decision in an agro/food system” (Bingen and Siyengo, 2002:312).

Science and technology studies (STS) scholars (Haraway, 1995; 1997; Latour, 1999; Busch, 2000a) have challenged the idea that rigid boundaries can be drawn between technoscientific practices and questions involving politics, society, nature, and ethics. Haraway (1995) argues that the traditional view of scientific objectivity is problematic since it portrays the false idea that one can have “infinite vision,” which transcends “all limits and responsibility”, what she calls the “god trick” (Haraway, 1995: 180, 182).³⁵ Latour (1999) argues that the separation of epistemological questions from political questions, and again from moral questions, what he calls the “modernist settlement”, is not only erroneous – science does not actually operate this way – but more importantly, it is fundamentally anti-democratic. Attempts at such categorizations facilitate the mistaken notion that we can create ideas and make technoscientific decisions without public debate since the prevailing view is that decisions regarding technoscience practice should be left to the experts.

From Latour’s (1999) perspective, the modernist settlement – where political questions must be solved separately from scientific questions and so forth – emerged, and has been sustained, out of a “fear of mob rule” by those in power. In other words, social and political elites attempt to maintain their position, in part, through an appeal to Truth

³⁵ On the other hand, calls for relativism within science are equally problematic for Haraway (1995:182) since it “is a way of being nowhere while claiming to be everywhere equally.” Relativist accounts simply mirror the “totalization in the ideologies of objectivity” since “both deny the stakes in location, embodiment, and partial perspective” which are necessary in order to “see well” .

and Reason, that is, an appeal to expert, scientific knowledge that can be used to counter the practical know-how and understandings of the general populace or workers. Those in power use Science (with a capital S) as an ideology, a political weapon against those who wish to engage in politics and public debate. The danger is that attempts to maintain impermeable boundaries segregating Science from the rest of society will sustain a particular form of social, political and economic order that is not necessarily just. To create more faithful accounts of the world, Haraway (1995) calls for accounts that are based on situated knowledges, where all vision is embodied and the struggle is always over whose view of the world should count as rational.

A 'Flexible' and 'Feminized' Workforce

The development of commercial export agriculture produced two distinctive and interrelated features within the industry: a 'flexible' and 'feminized' workforce. Jarvis (2004) argues that since labor was relatively cheap in comparison to its main competitors (i.e., New Zealand and Australia), the industry developed a labor-intensive system within the fields and packing sheds, on which they relied to improve fruit quality and prepare it for export. Here, the demand for workers is highly seasonal and increases dramatically during the period when the fruit is harvested and packed. What emerged then was what Dolan and Sorby (2003:29) call a "dual employment strategy." This approach involves employing a small number of workers on a permanent basis and then drawing on larger numbers of so-called 'unskilled' workers to work on a temporary basis, completing specific tasks such as pruning, harvesting, or packing (Caro. *et al.*, 2003; Jarvis and Vera-Toscano, 2004).

As a result, Jarvis and Vera-Toscano (2004) found that between 1964 and 1987 the permanent labor force fell from 208,000 workers to 120,000. During the same period, the total number of temporary workers increased from 147,000 to 300,000. In 2005, the number of temporary agricultural workers stood around 400,000 (Cancino, 2005:7). Studies show that 30 percent of the labor force work three-to-four months of the year, 26 percent up to six months, 17 percent two months or less, nine percent seven months and only four percent work eight months (Riquelme, 2005).

However, seasonality alone cannot account for the dual employment strategy within the sector and the growing use of flexible labor. Rather, the buying practices of major retailers must also be considered. As I explained above, trade liberalization, technological advances, and regulatory changes have allowed the UK and European retail giants to source their products from a growing number of producers around the globe vying for access to the European marketplace. Growers find themselves facing a tightly competitive global marketplace where the expectation from buyers is that they will absorb the costs and risks of doing business. One of the few spaces left for growers to reduce their costs is labor. In particular, the pressure to reduce costs encourages producers to utilize flexible labor arrangements, including temporary, seasonal or contract labor (Standing, 1999; Dolan and Sorby, 2003).

To obtain the necessary numbers of temporary workers employers turned to women, who had not traditionally worked in the agricultural sector on a salaried basis (Jarvis and Vera-Toscano, 2004). As women took advantage of these new employment opportunities, they came to dominate many aspects of production (Dolan and Sorby, 2003). In 2005, agriculture was the third biggest employer of women, after domestic

work and salaried workers in the commercial sector (Riquelme, 2005). The Ministry of Women, Sernam, explain that more than half of all temporary agricultural workers are women (Cancino, 2005).³⁶

In general, *temporeras* are a marginalized sector of the labor force and much has been written about the enormously exploitative relations in agriculture and in particular the ways in which women are exploited because they are women (see for example, Barrientos *et al.*, 1999; Tinsdale, 2004). A number of factors make their working conditions especially precarious. While most female agricultural laborers want to work full time, they are hired almost exclusively on a temporary basis (Jarvis and Vera-Toscano, 2004). As a result, *temporeras* fall within the lowest income bracket, where long days of 12-14 hours or more are often required to earn the minimum salary (CP\$115,000 Chilean Pesos per month in 2005)³⁷ (Caro *et al.*, 2003). Since *temporeras* are typically paid on a piece rate basis they tend to face more wage variation and suffer substantially more unemployment than men do, with male unemployment averaging only half as much (Jarvis and Vera-Toscano, 2004).

While the law requires that all workers sign employment contracts specifying the conditions of their employment within five days of starting work, official estimates suggest that over half of all temporary female workers (52.6 percent) do not have a signed contract (Riquelme, 2005). The majority of *temporeras* (68 percent) are not enrolled in any social security system (health insurance and retirement benefits), and those without health insurance are forced to access public health care services as indigents unless they have benefits under their husbands' insurance (Cancino, 2005).

³⁶ The level of female participation is probably underestimated due to the problem of non-registration.

³⁷ In 2005, this amount was equal to USD\$209.

Despite a legal obligation to do so, many workplaces do not provide basic sanitary services to workers (e.g., potable water, toilets, lunch spaces) (Caro *et al.*, 2003; Cancino, 2005).

The agricultural sector is also characterized by a low level of unionization. While reforms to the labor law now allow temporary workers to form unions, in contrast to other employment sectors they must have a minimum of 25 workers and there is no automatic right to collective negotiation. Collective negotiation is only possible if the workers are grouped in a union *before* the season begins, make a proposal of collective representation to their employer, which the employer then has the right to accept or reject (López *et al.*, 2004). These limits on their ability to negotiate make unions less attractive to workers. Furthermore, the temporary nature of employment is an obstacle to workers joining a union, since workers who are constantly exiting and entering the labor market fear being blacklisted if they join a union (Caro *et al.*, 2003). The effects of poor labor conditions for *temporeras* are not only felt within rural areas where half of all *temporeras* live, but also in urban areas including the capital, Santiago, where another 30 percent live, and in semi-rural areas where the remaining 20 percent live.

Pesticides and Worker Health

Since the late 1990s, a growing number of reports by government departments (including the Ministry of Health, the Department of Labor, and Sernam), together with independent studies on *temporeras* (i.e., Caro and de la Cruz, 2005), have raised concerns about the exposure of workers within the export fruit sector to pesticides. For example, a survey of *temporeras* in the table grape sector found that 62 percent of these women had been in contact with pesticides (Riquelme, 2000). Studies have documented that exposure of

Chilean farm workers to highly toxic pesticides has led to a range of acute and chronic health problems including headaches, nausea, abdominal pain, genetic deformations of offspring, miscarriages, infertility, damage to nervous systems, loss of eyesight and skin diseases. In some cases, exposure has resulted in the deaths of workers.

The Ministry of Agriculture's farm and livestock service (SAG) is responsible for regulating the manufacture, distribution, and application of pesticides. Through various departments, the MoH is responsible for monitoring the health and safety of the labor force. In the 1990s, public bodies took some measures to prohibit the 'dirty dozen' (except Paraquat which is 'severely restricted' and Parthion, which was suspended in 2000) (Caro *et al.*, 2003). In 2000, SAG issued a resolution that classified agricultural pesticides and fertilizers according to their toxic effects and began to require labelling of these products. However, some organizations³⁸ have criticized the agency's standards, arguing that they only take into account the acute effects of chemicals on humans and not their chronic impacts, such as higher rates of cancer, congenital malformations, leukemia and harm to the immune systems. For example, SAG classified Lorsban 75WG as posing "little danger," when chronic exposure to the chemical causes serious long-term health problems (Estrada, 2005a). Furthermore, the MoH's data find that all classifications of agrichemicals are implicated in cases of pesticide poisonings (Vallebuona Stagno, 2005b).

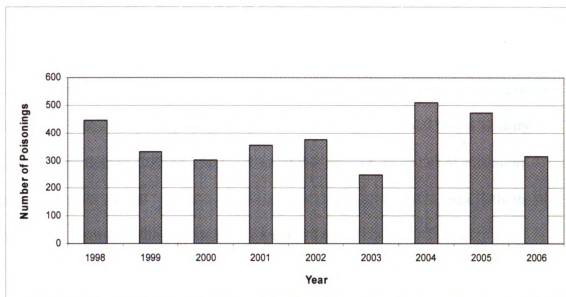
The MoH argue that the greatest risk from the widespread use of pesticides is the acute and chronic poisoning suffered by agricultural workers, especially temporary workers, as well as rural inhabitants (Vallebuona Stagno, 2005b). They point to a number

³⁸ For example, RAP-Chile (La Red de Acción en Plaguicidas y sus Alternativas en Chile), Anamuri (Asociación Nacional de Mujeres Rurales e Indígenas), and OLAM (Observatorio Laboral y Ambiental de Melipilla).

of risk factors, which include: the sustained increase and widespread use of pesticides within the sector; the absence of information and training for workers and consequently their lack of awareness about the health risks; widespread non-compliance with workplace health and safety regulations including “workers’ right to know” about the risks (Decreto Supreme No. 40); insufficient levels of workplace regulation and inspection and; the absence of government regulations in relation to land and aerial applications (Vallebuona Stagno, 2003; 2005b; a).

To understand the magnitude of the problem, the MoH established the National Epidemiological Surveillance Network in Pesticides (Red Nacional de Vigilancia Epidemiología en Plaguicidas (REVEP)) in 1993. Health Services in the country would report monthly to the MoH’s Department of Epidemiology (DoE) all new cases of a specific illness, whether confirmed or suspicious, that appeared related to this type of poisoning. However, this surveillance was voluntary and health officials remained concerned about sub- registration and the lack of notification of labor accidents with a chemical origin. Consequently, the MoH sought to reinforce and expand the coverage of this network by developing a legal proposal that would make notification obligatory. This proposal was passed in 2003 and came into effect in 2004. Those responsible for notification include doctors, as well as directors of healthcare services and public or private laboratories.

Figure 8: Number of reported incidents of pesticide poisoning among workers, 1998-2006 (Source: *El Vigía*, 1998-2006).



The DoE report their findings at least bi-annually in the report *El Vigía* and monthly or bi-monthly in their electronic bulletin BEM (Boletín Electrónico Mensual de Vigilancia Epidemiología). According to their data, over the ten years from 1997 to 2006, there were 3,777 reports to REVEP of acute pesticide poisonings of workers, an average of 377 a year (see Figure 8).³⁹ The majority of these incidents involve agricultural workers. In fact, its reports always break down the incidents by month illustrating how reported cases rise sharply during the months from September to March corresponding to the period when the largest use of pesticides occurs within agriculture (Vallebuona Stagno, 2003). As well, rates of poisoning for workers are higher in regions where agriculture is concentrated. For example, while the national rate for workers within the “Agriculture, Hunting and Fishing” sector was 69 per 100,000 in 2005, this number rose to 191 per 100,000 workers in the Metropolitan area, 145 per 100,000 workers in Region

³⁹ DoE collects data on all poisonings which includes workplace and non-workplace related incidents. Note that the majority, but not all, of workplace incidents occur within agriculture; however, these reports do not always disaggregate the data.

V, and 190 per 100,000 in Region VI, the main regions for intensive fruit production (Vallebuona Stagno, 2005b).

Pesticide poisonings affect not only workers, but also school children (i.e., through spraying close to schools) and other people in the community, creating socio-economic problems for the victims as well as for their families and for the country (Vallebuona Stagno, 2005a). The MoH assert that through strategies of education, prevention and control “pesticide poisonings are totally preventable, especially those caused by labor activities” (Vallebuona Stagno, 2005b:54).

DoE officials warn that when interpreting these results, one must realize that the number of reported poisonings is probably low due to low levels of diagnosis and notification (Vallebuona Stagno, 2004). While this has improved since notification became mandatory, problems still remain. For example, there exists a lack of knowledge about the health risks, not only by workers but also employers and health teams. Doctors sometimes misdiagnose the cause or are reluctant to report it, as are employers. As well, victims who are not seen by a health care professional are unlikely to have their case reported. Finally, these data do not deal with chronic health effects, which I examine below.

Table 4: Reported incidents of pesticide poisonings (Source: El Vigía 1999-2006).

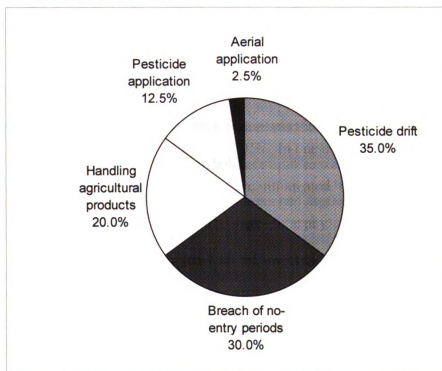
	2006	2005	2004	2003	2002	2001	2000	1999
Total no. of poisonings	675	803	749	633	675	682	592	560
Total no. of poisonings involving workers	316	471	509	247	374	354	301	332
Total no. of outbreaks	34	59	55	35	38	28		
No. of individuals involved in outbreaks	278	293	407	249	302	271		
Percent of workers involved in outbreaks	41	62	80	31	65	65		
Percent of women involved in outbreaks		67	76	58	63	69		
Rate per 100,000 habitants	4.1	5	5.5	4.7	5.1	5.2		
Rate per 100,000 workers involved in the 'Agriculture, Hunting and Fishing' Sector		69	96	32	50	50	40	49

Reported incidents include both individual cases of poisonings and 'outbreaks.'

An outbreak is defined as an event involving two or more cases of poisoning, which have a common origin, the same causal agent, and that occurred at the same time and place (Vallebuona Stagno, 2003). If we look at the overall data of workplace poisonings, then the majority of victims tend to be men. Pesticide applicators, generally a position held by men, are especially at risk. However, in terms of outbreaks the majority of victims are always women (see Table 4). According to the DoE, between the years 1998-2004, there were a total of 240 outbreaks affecting 1,271 workers. The majority of those affected were women. In these cases, 35 percent of outbreaks were caused through pesticide drift, 30 percent through breach of re-entry periods, 20 percent through the direct handling of pesticides; 12.5 percent through pesticide applications, and 2.5 percent were the result of aerial applications (see Figure 9) (Vallebuona Stagno, 2005a).

To illustrate, according to *El Vigía*, in 2005, there were 471 reports of pesticide poisonings among workers, 83 percent of these cases involved agricultural workers and 68 percent were temporary workers. Overall, 54 percent of the individual victims were men; however, women were the main victims when poisonings occurred as part of an outbreak. There were 59 outbreaks involving 293 workers and 67 percent were women (see Table 4) (Vallebuona Stagno, 2005b). In one outbreak, 60 women and 13 men working as seasonal farm laborers were intoxicated by pesticides as they picked apples. The workers suffered nausea, early stages of asphyxia, vomiting and skin rashes. The farm had recently been sprayed with the insecticide Lorsban 75WG and treated with the fertilizer Wuxal Calcio (Estrada, 2005a).

Figure 9: Causes of Acute Pesticide Poisoning Outbreaks Among Workers, 1998-2004 (Vallebuona Stagno, 2005a).



Despite the widespread use of pesticides and government monitoring of their acute effects, there has been little research that investigates the long-term consequences of pesticides on human health or on reproduction and development in humans (Cavieres, 2004). An early attempt to examine the relationship between congenital malformations and pesticide exposure in Chile was by Rojas *et al.*, (2000). These authors conducted a retrospective study that statistically analyzed the relationship between parental exposure to pesticides and the incidence of congenital deformities among births between 1996 and 1998. This study in Rancagua, involving mostly women of reproductive age, showed a positive association between maternal pesticide exposure and congenital malformations.

Previously, similar concerns in the Rancagua area had been brought to the public's attention in 1990 by the work of Dr. Victoria Mella. During her work in the maternity ward of a Rancagua hospital, Dr. Mella had become concerned at the large numbers of deformed babies born in the area. Having excluded other possible causes of the problem, including excessive alcohol consumption, smoking and genetic factors, Dr. Mella concluded that the common factor was that either one or both of the parents had been exposed to pesticides (Newbold *et al.*, 2003). According to Newbold (2003), the response to this report from the authorities and pesticide companies was not favorable.

A scientific study published in 2005 has helped establish the link between agricultural work and pesticide poisoning and its potentially devastating long-term health effects. To evaluate the health risks of exposure of pesticides among *temporeras* in the agri-export sector Márquez *et al.* (2005) carried out a biomonitoring study in Region VIII (Bío-Bío) of female seasonal workers who were employed in greenhouses, plant nurseries, and who performed various field and packing tasks, such as pruning,

harvesting, and packing. The authors had decided to do the study after noting an increase in children born with low weight, in spontaneous abortions, and other fertility problems in this area (Bravo, 2004b). To evaluate associations between pesticide exposure and cytogenetic (chromosomal) damage the study compared chromosomal damage in a group of exposed women agricultural laborers and a control group of women.⁴⁰ They found that the exposed worker population “had a significant increase in the cytogenetic damage in their peripheral blood lymphocytes” (Márquez *et al.*, 2005:5). The authors explain that “Cytogenetic damage may be viewed as an early biological effect of a chemical assault; consequently, it could be an indicator for the future development of diseases such as cancer and congenital malformations” (Márquez *et al.*, 2005:6).

A significant finding of this research is that while these women were not directly involved in pesticide handling, they still suffered acute exposure through dermal contact. This was due to early entrance into the field after spraying, fumigation of nearby orchards and pesticide drift. Chronic exposure resulted from touching the fumigated fruit with bare hands, working in their everyday clothing, eating in the orchard, and having only sporadic access to fresh running water. For both types of exposure, the workers wore no protective clothing nor gear, not even gloves (Márquez *et al.*, 2005:2). Soledad Duk, one of the authors of the study and a professor in the Department of Molecular Biology at the University of Concepción explained in an interview with the newspaper *Punto Final*:

In general, one thinks that *temporeras* are not exposed to pesticides because it is assumed that they enter the fields after they have been fumigated. But often they are not allowed to use gloves when picking the fruit since it reduces sensitivity in their fingers. As well, they enter the harvest with the same clothes that they left their houses in. Later they wash them along with the rest of the family’s clothes and this

⁴⁰ The statistical analysis controlled for potential confounding factors such as smoking and alcohol consumption.

means that the home, the food, the children are contaminated. Neither are the labor laws thoroughly complied with in terms of health, such as having water and dining rooms available for *temporeras*. For this reason, because they are not provided with adequate means of protection, I believe that women are at greater risk.

[The women] don't dare say that they are dizzy or that they're feeling sick because they're told that if they're not prepared to work there are 20 people waiting to take their place (*cited in* Bravo, 2004b: npn).

Standards for "Worker Health, Safety, and Welfare"

Within this context what effects are EurepGAP's standards likely to have on the health and safety of agricultural workers? EurepGAP's standards for labor are outlined under the "Worker Health, Safety and Welfare" section in the document *Control Points & Compliance Criteria* (see Table 5) (EurepGAP, 2004). The Protocol divides its standards or 'Control Points' into "Major Musts" which require 100 percent compliance; "Minor Musts" that require 95 percent compliance and "Recommendations," which are inspected by auditors but are not a prerequisite for gaining certification (EurepGAP, 2001). The following sections illustrate that these standards address fairly comprehensively the risks faced by workers who directly handle and apply pesticides. In contrast, few standards deal directly with the major hazards identified above with which field workers, especially *temporeras*, are confronted. Rather than being universal, there are considerable disparities in who benefits or not from their implementation.

Table 5: EurepGAP's labor standards for health and safety (EurepGAP 2004).

No.	Control Point		Level
12. Worker Health, Safety and Welfare			
12.1 Risk Assessments			
12.1.1	Has a risk assessment for safe and healthy working conditions been carried out?	There is a documented and current risk assessment based on national, regional and local legislation and sectorial agreements.	Recommended
	Has this risk assessment been used to develop an action plan to promote safe and healthy working conditions?	There is a documented action plan that refers to non-compliance, the action to be taken with a timetable and the person responsible.	Recommended
12.3.2	Are hazards clearly identified by warning signs?		Recommended
12.4 Crop Protection Product Handling			
12.4.1	Are the workers who handle and apply crop protection products trained?		Minor
12.4.2	Are all staff who has contact with crop protection products submitted voluntarily to annual health checks in line with guidelines laid down in local codes of practice?		Recommended
12.5 Protective Clothing/Equipment			
12.5.1	Are workers (including subcontractors) equipped with suitable protective clothing in accordance with label instructions?		Major Must
12.5.2	Is protective clothing cleaned after use?		Minor
12.5.3	Are farmers able to demonstrate that they follow label instructions with regard to use of protective clothing and equipment?		Minor
12.5.5	Are there facilities to deal with operator contamination?		Minor
2.6 Welfare			
12.6.4	Is a member of management clearly identifiable as responsible for worker health, safety and welfare issues?		Minor

Pesticide Handling. A number of EurepGAP's standards deal directly with the issue of safety in relation to pesticides (what EurepGAP call "crop protection products"). For the most part, the focus of these standards is the issue of the direct handling and application of pesticides. With around 12,000 workers in Chile involved in the

application of pesticides, these standards then are potentially significant. In discussing the misuse of pesticides in this regard, Newbold (1997:npn) had earlier argued that:

The whole question of correct storage, handling, mixing and application of pesticides has to be addressed. Even if there are warnings and instructions on pesticide containers, these are usually not in Spanish, and even if they are, not all the workers can read and understand them. Empty containers are frequently not disposed of correctly, or may be used for other purposes, including carrying water.

A ‘minor must’ is that all workers who directly handle or apply pesticides have attended an official training course and received qualifications stating that they are competent and knowledgeable in the safe handling and application of pesticides. These qualifications are the paper documentation that auditors must review as evidence of compliance. A ‘major must’ requires that all workers who handle or apply pesticides are provided with and wear a complete set of protective gear that includes waterproof clothing, protective overalls, rubber gloves and boots, face mask, and goggles. This gear must be cleaned and stored in a separate storage room to prevent cross contamination. These workers are provided with separate showers and emergency first aid facilities and procedures in case of accidental contamination. Growers must be able to demonstrate, if required to by an auditor, that they themselves can follow the label instructions with regard to the appropriate use of protective clothing and equipment. It is recommended that these workers voluntarily receive an annual medical checkup.

Standards have also been established for the safe storage and handling of pesticides, which are dealt with under the section “Crop Protection Product Storage and Handling.” Here, control points require (minor must) that agrichemicals are stored in separate, robust, well-ventilated (to avoid the build-up of harmful vapors) storage facilities that are designed to prevent any leakage, seepage or contamination of these

products to the exterior of the store. These facilities must remain locked with access only granted to those “persons who can demonstrate formal training in the safe handling and use of crop protection products.” All product labels must be easy to read on the shelves, and utensils must be provided that allow for the safe handling, filling and mixing of products. Finally, empty chemical containers must not be re-used for any other purpose, and an official collection and disposal system must be utilized that ensures that persons cannot come into physical contact with the empty containers (EurepGAP, 2004:14-15).

As noted above, despite extensive public regulations in this regard, lack of enforcement has meant that the risks associated with the use of pesticides are either largely unknown or ignored. In their study, Caro *et al.*, (2003) found that most agricultural workers received little information or training and were largely unaware of the potentially harmful impacts of pesticides on their health and quality of life, except when the problem was self-evident. For example, since workers are rarely provided with protective gear (despite it being a legal requirement), the norm in the industry is to apply pesticides wearing one’s everyday clothing, offering no physical protection whatsoever. As one small grower told me, *“I just didn’t know how dangerous these chemicals were. I only ever wore my street clothes. I used to get my own grandson to apply pesticides in his shorts and T-shirt.”*

The opportunity for workers and growers to be informed about the risks and trained and provided with the means to help minimize these risks is unquestionably of value. Based on my interviews, together with my observations of workplace practices on the farm that indicated that these standards were in fact being complied with, these

standards have the potential to play an important role in reducing the risk of exposure to pesticides for *some* workers.

Standards for Indirect Exposure. From the studies discussed above, together with data collected by the DoE, we know that workers, especially *temporeras*, are at considerable risk of pesticide exposure despite the fact that they are not directly involved in mixing, handling, or applying agri-chemicals. However, EurepGAP's standards largely fail to set any criteria that would minimize the risk of poisoning for these workers.

While 35 percent of all acute outbreaks of pesticide poisonings are the result of pesticide drift (see Figure 9), EurepGAP has not established any standards that deal specifically with this problem. While some growers acknowledge that no one should be working in the fields during pesticide applications, no guidelines have been set that establish appropriate distances between workers and spray applicators that take into account, for example, wind speeds and direction. With regard to breach of re-entry periods, which produce 30 percent of the acute outbreaks (see Figure 9), the most explicit standard is a "recommendation" that warning signs are used to indicate a potential hazard, such as a red flag to indicate a treated crop. An observation from one of my farm visits illustrates the inconsistent nature of these standards. Here, a farm worker was applying pesticides wearing all the appropriate protective gear, meanwhile temporary laborers worked in a nearby row with no protective gear and no warning signs to indicate the presence of any hazard.

In an interview, a manager of DoE acknowledged that training for the thousands of workers who apply pesticides, together with the requirement for protective gear, was a

significant advance for the industry. Nevertheless, she argued, this was insufficient in terms of the rest of the workforce:

The problem is that there aren't any standards that say you can't apply pesticides while there is wind, that you can't apply all day long, that you have to apply early in the morning or late in the evening – this is the issue that confronts us. Forty percent of the acute outbreaks of pesticide poisoning are from [pesticide] drift - which is carried by the wind. The women are poisoned. Why? Because you have 20 meters, sometimes 50 meters in which the cloud [of pesticide spray] can carry and the women are in the fields two rows further over!

Among the large exporting companies, practically all of them have their pesticide applicators already trained. Therefore, the most vulnerable group are the workers who do the field tasks because they enter the work place not knowing when the pesticide was applied – what time it happened. Nothing. They do not know. Why? Because despite having good agricultural practices, [the growers] don't mark with large letters "re-entry period, 48 hours". It doesn't say to do it, so they don't do it.

The fruit industry is highly manual with women workers largely involved in tasks that require them to weed and prune as well as to pick, sort and pack the fruit by hand. Despite evidence that demonstrates the high risk of dermal exposure, and the fact that 20 percent of all acute outbreaks are the product of direct handling of the fruit (see Figure 9), the protocol does not acknowledge these risks. Thus, growers are not required to provide any protective clothing, such as gloves, for workers in the fields. Furthermore, it appears that it is still common for workers to take their breaks in the fields, perhaps eating with hands that are contaminated with chemical residues. While EurepGAP standards forbid workers from eating in the fields and growers must now provide lunch-room facilities, a common complaint from workers is that these facilities are often not used because they are too far from many fields to access easily during meal-breaks.

Despite evidence of acute and chronic effects of pesticides on *temporeras* and their offspring, EurepGAP does not call for health check-ups for any workers aside from

those directly involved in the handling or application of pesticides. Considering that most *temporeras* earn the minimum wage and many do not have health insurance, health-care access for these workers is severely constrained. Without the formal monitoring of health-related problems associated with pesticide exposure, it is difficult to establish the effectiveness of EurepGAP's standards for improving workplace safety. Since most workers are not aware of the health-risks related to agrichemicals, training is seen as critical by workplace safety advocates to educate workers about the health risks – long-term and short-term – associated with pesticides and what procedures are necessary to minimize their risk of exposure. However, as with health-care checkups, EurepGAP has established a standard that only requires training for those workers directly involved in handling pesticides. Finally, EurepGAP does not discuss aerial pesticide applications, which have been identified as another means of acute pesticide poisoning not just of workers but also schoolchildren and people living in rural communities (see Figure 9).

EurepGAP's standards deal with some of the grossest violations of worker health and safety, certainly the most visual and obvious. The poster child of unsafe practices in the industry has always been the image of a worker applying pesticides without any protection. However, despite the considerable evidence that temporary workers and their children (let alone their communities) confront debilitating and life-threatening acute and chronic health problems as a result of pesticide use, EurepGAP has faced little economic or political pressure to address these concerns. While costly, providing training, protective gear and health-care examinations for permanent workers have their advantages. A full-time workforce that is healthy and with expanded educational and technical skills is considered to bring significant benefits, especially economic benefits,

to growers (ODEPA, 2005). However, as Standing (1999) has noted, it makes little economic sense for employers to invest in training, equipment or healthcare for temporary workers.

Contratistas

Many participants in this study acknowledge that EurepGAP's standards have led to a number of fundamental improvements for workers in terms of improved hygiene facilities, such as toilets, availability of potable water, lunchrooms, temporary migrant housing, and the provision of protective clothing for workers applying chemicals. However, a closer examination of the export fruit sector quickly reveals the obvious, that attempts to distinguish health and safety from the broader issue of labor rights and socio-economic relations within the supply chain are inadequate. To illustrate this point, I now turn to discuss what is perceived by many labor advocates within Chile as perhaps the greatest barrier to assuring the health and well-being of temporary agricultural laborers: the use by growers of labor subcontractors or *contratistas*.

To remain globally competitive, retailer supply chain strategies are forcing growers to minimize their operating costs wherever possible. One of the few spaces left for them to accomplish this is with labor. A growing means to reduce labor costs is to use subcontracted workers to meet their temporary and seasonal labor demands. Growers have long relied on intermediaries, so-called *enganchadores*, to recruit and transport temporary workers to labor in their fields and pack houses during the peak season. With *enganchadores* the grower remains the employer and is directly responsible for all employment conditions. More recently, growers have sought to minimize their costs further by outsourcing their labor requirement to *contratistas*. In contrast to

enganchadores, *contratistas* not only recruit and transport temporary workers, but remain their employer. In a 2005 study of the Copiapó Valley, a key table grape growing region, 67 percent of the businesses surveyed said that they hired all or some of their temporary workers through *contratistas* (Riquelme, 2005).

Growers hope that subcontracting their temporary labor requirements will allow them to lower their labor costs, reduce fixed expenses, minimize their legal responsibility for their workers, and minimize their relationship with labor inspectors. One of the key attractions appears to be the assumption that the grower will no longer be responsible for complying with the labor law and ensuring the health and safety of workers. In explaining why he used *contratistas*, a grower told me: *“the labor laws are way too restrictive and the inflexibility of the law means that I prefer to use contratistas. That way I don’t have to worry about these things, I can just call a contratista when I need some work done.”* As one of the auditors I spoke with explained: *“Producers try to have a tactical advantage, for example, they think that if they hire all these workers then they need to comply with labor laws but that if they use a subcontractor then it’s the subcontractor who must comply with the law, so the problem has shifted to him.”*

On the other hand, several growers I spoke with refuse to use *contratistas* for these very same reasons. One grower who employs 13 permanent and 250 temporary workers explained: *“We need a more professional system. We haven’t got a good system where the contratistas are reliable, where they fulfill their agreements, where they supervise their workers well, and make sure that all their social security, etc., is paid.”* Another major grower explained that he simply stopped using *contratistas* after one skipped town along with the wages for all his workers.

Working conditions for subcontracted workers are extremely precarious due to the widespread noncompliance by *contratistas* with labor laws. While *contratistas* are legally responsible for complying with labor laws, concerns about their frequent failure to do so led to a reform of the Labor Code (Article 92bis) in 2001 that now requires them to register with the department of labor inspection. While this has produced some formalization, most *contratistas* remain unregulated and continue to operate illegally. Caro and de la Cruz (2005) argue that the drive by growers to reduce production costs encourages the use of illegal *contratistas*, since work is awarded to those who can provide services at the lowest cost. While the law states that growers have a subsidiary responsibility for workers, making them ultimately responsible to workers if the *contratista* does not comply with their legal obligations, this law has proved of limited value.

Subcontracting increases the distance between employer and employees, which affects attempts to improve work conditions (Caro *et al.*, 2003). For example, in relation to worker health and safety, there is often a lack of clarity by workers on who is the employer and what his/her obligations and responsibilities are (Riquelme, 2005). When problems arise, workers often do not even know who the actual owner is and, because they fear being blacklisted, they are reluctant to lodge a complaint. Unionists argue that this practice contributes to the diluting of responsibilities when there are work accidents, illegal actions, irregularities, abuses and harm to the workers (Estrada, 2005b). The following example serves as an illustration of how responsibility is diluted as it extends along a chain of intermediaries:

On 22 October, 2004 a *contratista* took his workers to harvest beans for a grower in San Clemente unaware that the field had been applied with

chemicals. The women did not know the name of the farm nor how much they were being paid for picking. When the women went in to pick the beans everything was wet but they assumed it was dew from the night before. As their clothing became soaked many of the 23 began to feel dizzy, nauseous, and weak and their skin began to sting. In the afternoon at home marks and blisters began to appear on their skin, as if they had been burnt. Eleven of the women were taken to a medical clinic. Five days later two of the women were taken to the hospital where they were kept for 11 days owing to the severity of their wounds. With no employment contracts and no health insurance they were treated as indigents and their families were required to pay for their treatment (Bravo, 2004a).

A study by Caro and de la Cruz (2005) demonstrates that workers hired by *contratistas* face employment conditions that are more precarious and less likely to be in compliance with the law when compared with those hired directly by growers. Conducted between March 2003 and May 2004, their study compared labor conditions between workers employed directly and those employed by *contratistas* in the agri-export fruit sector. The authors found that the use of *contratistas* effectively created two separate categories of workers who were employed in the same company, in the same activity, but who enjoyed very different labor conditions. For example, subcontracted workers were three times more likely to come into direct contact with pesticides, and two-thirds (68 percent) of them were expected to bring their own protective gear, despite the fact that the law states that it is the responsibility of the employer to provide these items. Furthermore, subcontracted workers were less likely to have written employment contracts and less likely to receive social benefits than those directly employed by growers.

EurepGAP standards do not directly address this issue, and I found considerable ambiguity among auditors and growers regarding *who* is responsible for worker welfare when subcontractors are employed. One auditor explained that growers must provide

evidence to auditors that subcontractors are meeting all of their obligations and that they must have a signed contract with their subcontractors that detail all of their obligations. Another auditor explained that the grower was responsible for their subcontractors but could not explain how this was ensured and verified by auditors, concluding that the grower “must simply trust the *contratista*.” In contrast, a major exporter/grower argued that it was the *contratista*, not the grower, who was responsible for ensuring worker health and safety.

While EurepGAP’s health and safety standards for workers say nothing about the use of *contratistas*, government officials (from the labor, women’s and health ministries), workers, worker rights’ advocates and even some growers are adamant that the recent growth in *contratistas* has produced working conditions that are more precarious and unsafe for many temporary workers. A concern is that a dual employment strategy is being produced whereby some workers – primarily skilled, full-time, male employees – will benefit from improved working conditions, while many others, especially unskilled, temporary, female workers may not. A concern is that EurepGAP’s standards may simply not reach many of the temporary workers hired by subcontractors. When asked about *contratistas*, a manager with the DoE explained:

you arrive at a farm and all the installations look beautiful, but during the peak season there are now 800 people and you have installations that only support 100 people. When you go to inspect you see 100 [workers] and everything is great, but when you go during the peak and there are 800 [workers] – everything there is insufficient.... They don’t let these women access the toilets or the lunch-rooms. We visited a place the other day and there wasn’t any potable water for the workers.

Conclusion

EurepGAP claim that their expert-developed, risk assessed, and independently verified standards will reduce risks to worker safety and welfare within their commodity chains. By utilizing standards that are objective, transparent, and value-free, EurepGAP hope to reassure consumers, governments, and other interested bodies that their goods are produced in a manner that respects the welfare of agricultural workers.

However, I found that the content of these standards and their outcomes is anything but consistent or universal for workers involved in Chile's export fruit sector in relation to one of the most serious health issues that confronts them – pesticide poisoning. Rather, I found that the implementation and effects of EurepGAP's standards for worker welfare reflect the “flexible” and “feminized” labor market in which they are situated. EurepGAP standards appear to offer important benefits in reducing the risk of exposure to agrichemicals for permanent, full-time workers, the majority of whom are men, but not for the most precariously situated workers – those who are female, temporary, and subcontracted. This is despite considerable evidence, including accumulated government surveillance data and independent scientific studies, that demonstrate that temporary workers are at considerable risk of exposure despite the fact that they do not handle chemicals directly.

Furthermore, while private retailer standards have been developed ostensibly to improve labor conditions, other key economic trends may limit the effectiveness of these standards. Private retailers are constrained in their ability to improve the health and safety standards for *temporeras* because their global business strategy benefits from inequities within the labor market. While reassuring their consumers that higher welfare standards for workers are being implemented, the major retailers establish buying strategies within

their commodity chains that create precarious and unsafe labor practices. As the power of supermarkets is concentrated in fewer hands, these companies are able to demand from growers ever-greater flexibility, rigorous quality standards, and low prices. To remain competitive, growers seek to minimize their labor costs largely by hiring temporary workers through *contratistas*, with few legal or economic rights or protections – the very conditions that make welfare improvements difficult. Consequently, improving health and safety standards for *temporeras* cannot successfully be addressed without challenging buyer/grower relationships in the global value chain that reflect and reinforce the socially constructed divisions and inequities within the labor market.

In their effort to posit their standards as objective, and universally applicable, EurepGAP ignore how labor conditions are historically and socially situated. The consequences of ignoring the broader social and economic context are serious – in this case, EurepGAP’s standards largely fail to address the health and safety concerns of *temporeras*. This chapter demonstrates that simply having “a standard” is insufficient if it does not correspond to the lived reality of those it is supposed to benefit. Standards are inherently political, social, and moral. The process of creating and implementing standards that are more objective, and therefore just, must begin by actively engaging the most marginalized workers, especially women.

CHAPTER 6

The Limits of Audit

By adhering to good agricultural practices we reduce the risks in agricultural production. EUREPGAP provides the tools to objectively verify best practice in a systematic and consistent way throughout the world (EUREPGAP, 2007a).

Early critiques of CSR identified not only the vaguely worded codes of conduct but the failure of corporations to allow independent oversight of these codes. Self-audits were perceived as inherently biased and lacking in transparency and public oversight (Joseph, 2002; Ruggie, 2003). Increasingly, for standards or codes of conduct to be credible they must be accompanied by independent audits conducted by third parties. Third-party audits began to achieve respectability from the late 1980s where, in a context of neo-liberal political and economic reform, financial auditing began to be extended to virtually all other areas of social and economic life. Audits have come to be viewed as an important tool of regulation and governance. Based on the premise that audits ensure transparency and accountability, audits create organizational legitimacy and relationships of trust among stakeholders (Courville *et al.*, 2003; Pentland, 2000). Today, environmental, worker health and safety, and food safety and quality audits have become commonplace, creating what Power (1997) refers to as the ‘audit society’ and Strathern (2000) as ‘audit cultures.’

The moral authority, legitimacy and credibility of EurepGAP’s standards rests to a considerable degree on their requirement that independent, third-party auditors⁴¹ assess, evaluate and certify grower compliance with their standards on an annual basis. This chapter seeks to understand the practice of the EurepGAP audit and its implications for

⁴¹ I use the term ‘auditor’ and ‘certifier’ interchangeably.

workers. In particular, I am concerned with examining how audits are performed in relation to the claims made (both implicit and explicit) about them by EurepGAP. Claims concerning what can be achieved with audits and why we should trust them are crucial to the concept of audit (Courville *et al.*, 2003). Central to EurepGAP's claims-making is its appeal to technoscientific values of independence, objectivity (practices are based on scientific evidence using outside experts) and transparency. What is an audit? Who are the auditors? How do auditors conduct audits? How do they verify standards? What influences their practices and decisions? What are the impacts or outcomes of their audits? How these questions are answered have important implications for evaluating EurepGAP's claims and for assessing the capacity of the audit to provide accountability. Following from the previous chapter, the focus of my concern is with assessing these issues in relation to Chilean agricultural workers.

The audits' rhetorical appeal to technoscientific values makes them particularly difficult to critique. Pollitt (1993:49) argues that the practice of audits is presented as rational, objective and value-neutral – as “unopposable as virtue itself” (*cited in* Shore, 2000:61). The analogies drawn between audits and scientific practice are a powerful legitimating device, which suggest “that while scientists illuminate natural truths, auditors illuminate financial truths” (Pentland 2000:311) or, in the case of EurepGAP, ‘truths’ about food safety, environmental sustainability, and worker health, safety and welfare. Appeals to values such as independence, objectivity, expertise and transparency are meant to exude information (Van Maanen and Pentland, 1994; Pentland, 2000). Thus, the popular belief is that audits “enlighten, inform, influence, and enable criticism and substantive change” (Power, 1997:124).

However, in practice the promise of independence, transparency and thus accountability is limited. The audit process is not designed to provide a basis for stakeholder – let alone – public dialogue or debate since it functions to close off any potential discussion or analysis by requiring that we put our trust and faith in the experts (the auditors) and the scientific process (the audit). EurepGAP's audits remove potential debate and action concerning worker welfare away from the realm of political discourse and situate it firmly within the boundaries of supposedly neutral science. The risk then, is that uncritical acceptance of technocratic audits for labor standards may function to create and maintain inequitable and unjust forms of social and political order and systems of power relations within the workplace.

Establishing Credibility

Independent and Objective Verification

A central criticism of many standards and codes of conduct for CSR is the absence of independent monitoring and verification programs (O'Rourke, 2006). In the absence of such oversight, it is difficult to assess in a credible manner compliance with labor or environmental standards. In contrast, EurepGAP relies on third-party systems of verification to ensure compliance with its standards and to ensure the credibility of its claims throughout its supply chains. Third-party certifiers are private, public or hybrids of private and public organizations responsible for assessing, evaluating, and certifying safety and quality claims based on a particular set of standards and compliance methods (Hatanaka *et al.*, 2005). What distinguishes third-party certification (TPC) from first party (food company), second party (company's paid consultant) or fourth party certification (government regulator), and thus contributes to its broad appeal and

legitimacy, is its claimed independence from other participants involved in food or agricultural production, such as retailers, suppliers or government (Tanner, 2000; Deaton, 2004; Hatanaka *et al.*, 2005).

Theoretically, certification provides to stakeholders assurances about a product by providing information about the commodity and its production processes. TPC provides signals in the marketplace about food quality and is considered desirable as a mechanism to overcome potential failures that may emerge in uncertain situations characterized by asymmetric distributions of information (Deaton, 2004). Thus, concern about the potential loss of reputation and the need to minimize liability has not only motivated the development of standards but also certification schemes that can communicate to customers – or in the case of EurepGAP, the buyer – the product’s quality and safety. Retailers also benefit since the responsibility for policing product safety and quality is shifted from retailers to certifiers, and the costs of monitoring and auditing can be passed on to suppliers (Busch and Bain, 2004; Freidberg, 2004; Hatanaka *et al.*, 2005).

In their public materials, EurepGAP emphasize that its standards are based on continuous and systematic monitoring and certification by auditors that are “independent” and “impartial” (see for example, EurepGAP, 2004b). Under the FAQ section of its website, EurepGAP explain:

The whole system is based on *independent* certification. Growers or grower associations need to seek contact with a EurepGAP recognised Certification Body for an offer. Such CBs must be approved by EurepGAP.... It is the responsibility of growers/grower associations to be able to “demonstrate” their compliance through *independent* verification (emphasis added) (EurepGAP, 2007).

Independent verification is also framed as part of EurepGAP’s broader efforts to ensure credibility by asserting organizational independence from either public or private

sector influence. As explained in chapter 2, EurepGAP works hard to publicly distance itself from the fact that the organization was established and remains dominated by some of Europe's largest food corporations. Instead, EurepGAP works to craft its image as a partnership between retailers and producers, chaired by an independent Chairperson, whose decisions are arrived at through broad consultation with experts and stakeholders. EurepGAP's website explains:

EurepGAP is one of the very few globally operating standardisation organizations that enjoy a high level of political and financial *independence* from the public sector as well as from individual member influence and shareholder agendas. To keep its *independence* EurepGAP does not conduct the certification process itself (emphasis added) (EurepGAP, 2007).

To ensure that its certification is perceived as legitimate and independent, only EurepGAP-approved, accredited Certification Bodies (CB) may be used by growers. As of February 2007, 93 CBs in 29 countries worldwide were accredited for their fruits and vegetables protocol with another 16 provisionally approved (EurepGAP, 2007).

Accreditation. To become approved, a CB must register with EurepGAP and fulfill a number of requirements. The most important requirement is that the CB is accredited to a EurepGAP approved accreditation body. "Accreditation is the process by which an authoritative organization gives formal recognition that a particular certification body is competent to carry out specific tasks" (Hatanaka *et al.*, 2005:357).⁴²

Accreditation provides a system of surveillance, standardization, and peer reviews that gives credibility to CBs. The aim is to promote confidence in the way product

⁴² Accreditation bodies are international or national institutions that are either private, or a hybrid of both public and private. An example of a private accreditation institution is the International Accreditation Forum (IAF). Examples of public-private institutions include the American National Standards Institute Registrar Accreditation Board (ANSI-RAB), the UK Accreditation Service (UKAS), the Standards Council of Canada (SCC), and the Japan Accreditation Board (JAB).

certification is carried out and to demonstrate that a given certification program is independent and effective. In this way, accreditation is meant to serve as proof that all EurepGAP's CBs are operating in a consistent and reliable manner. For example, CBs must themselves undergo audits to ensure that they have the systems and processes in place that meet the accreditor's standards. As part of meeting these standards, auditors may have to complete additional training, pass a test provided by the accreditation body, and/or conduct audits in the presence of a representative of the accreditation body prior to being approved. Once a CB has achieved accreditation, the certifiers work as official third-party auditors for a particular accreditor. Accreditation status of an external certifier is usually reviewed after three to five years. At that time a reassessment is conducted by the accreditor to determine if accreditation should be renewed. Under this structure, the accreditor can ensure that only competent CBs are working in its certification scheme, and that its TPC scheme is based on its standards (Busch *et al.*, 2005).

In the case of EurepGAP, the CB must be accredited to ISO⁴³ Guide 65⁴⁴ by an accreditation body that is part of either the European Accreditation (EA) multilateral agreement (MLA) on Product Certification, or a member of the International Accreditation Forum (IAF) which have been subject to a peer evaluation in the product certification field and have a positive recommendation in its report (EurepGAP Regulations Annex 5:1). ISO Guides are international consensus documents that describe minimum requirements for CBs. In general, accreditation bodies use them as the basic

⁴³ ISO (International Organisation for Standardization) is a worldwide federation of national standards bodies. Currently, 147 countries participate in ISO with each nation allowed one member. ISO develops standards for a multiplicity of practices and products including certification and accreditation. The goal of ISO is to facilitate the international exchange of goods and services.

⁴⁴ Or EN 45011, which is the European version of the ISO/IEC Guide 65. See: <http://www.cenorm.be/catweb/cwen.htm>.

criteria for auditing a certification body (Busch *et al.*, 2005). As of February 2007, EurepGAP accepts accreditations issued by: ANSI, INMETRO (Brazil), Joint Accreditation System of Australia and New Zealand (JAS-ANZ) (New Zealand/Australia), SANAs (Republic of South Africa) and EMA (Mexico).

To maintain the credibility of auditors as objective, EurepGAP forbids auditors from conducting “any activities which may affect their independence or impartiality, and specifically [they] shall not carry out consultancy or training activities for the Farmer or Farmer Groups on whom they perform audits” (EurepGAP, 2004b:27). As well, a CB

must be structured to ensure separation of activities which could cause a conflict of interest. All Certification Body personnel must operate to high levels of professional integrity, *be free from commercial, financial or other pressures, which might affect their judgment* and are expressly forbidden from promoting any goods or services during evaluation activities (emphasis added) (EurepGAP, 2004b:47).

The goal is to ensure that the auditor will make “independent decisions regarding the compliance of the member farms/farmers within the Farmer Group, based on the internal inspection process and conclusions” (EurepGAP, 2004b:38).

The ideal of the independent expert is fundamental to the legitimacy of audits. The most obvious tension here is the financial relationship that exists between the grower and the auditor. It is interesting to note that while EurepGAP seeks to establish credibility by asserting their organizational and financial independence from the public and private sector (see above), and emphasizing that auditors must be free from any financial pressures, they are silent regarding the financial dependence that exists between CBs and growers. CBs are for-profit companies operating within a capitalist marketplace. Auditors acknowledge that with so many auditing companies operating in Chile, the certification business is highly competitive. (Growers also have the option to bring in approved

auditors from abroad.) The ability to remain financially viable and competitive depends on sustaining a 'good relationship' between the auditor and the grower. For example, a concern of auditors is that if growers perceive that they are too inflexible and severe in their audit then the grower may choose to look for an auditor that is more lenient. Claims of independence sound hollow in a context where it is well established that any time a dependent financial relationship exists, potential conflicts of interest might exist between doing what is 'right' and doing what makes money.

The Audit Process

Before proceeding to a formal audit EurepGAP requires that the grower complete an internal self-inspection based on the EurepGAP Checklist. The purpose behind the self-inspection is to ensure that growers have a comprehensive appreciation of the complexities involved in meeting the standards. It also helps to minimize the risk of growers failing the external audit due to inadequate preparation. The internal self-inspection is on-going and must be carried out at least once a year. The Checklist from the self-inspections must be available on site for review by the inspector during the external inspection process.

To correctly implement EurepGAP and ensure a successful self-inspection and external audit, growers generally depend on accessing external advice. The Chilean government provides very small growers with extensive technical training in the implementation of GAP, which is relevant for those wishing to gain EurepGAP certification. However, as explained in chapter 4, to a large extent small and medium-sized growers rely on the services provided to them by their exporting company. Exporters employ specialized technicians who provide growers with technical advice

(e.g., when to spray, when to harvest). These services now include guidance to growers on how to achieve certification. This service might be provided for free, growers may hire them as paid consultants, or it may be a mixture of both. The Food Safety and Quality Manager for one Chilean exporter explained:

To help our producers put EurepGAP in place we have done a lot of training and workshops, for example, in the calibration of machinery, the monitoring of pests, the identification of pests, hygiene, worker safety and fruit safety. We do some of this ourselves and we contract others to do other aspects of it. Some producers need it more than others, especially the smaller ones (Adrienne, manager, major exporter/producer).

This includes training of workers:

The greatest challenge is training workers and changing their thinking. Workers in general have a low educational level and so it's a challenge for them to have to fill out the records, for example, for the pesticides. It is very costly to train them. Workers receive training in hygiene, and those who specialize in certain tasks, e.g., how to use particular machinery, the application of pesticides, or the identification of pests, also receive training. Some of this training I do myself and others is organized through [the government worker training program] SENCE who then contract out training (Adrienne, manager, major exporter/producer).

When a grower is ready to become formally certified, s/he must register with EurepGAP and contact a EurepGAP-approved certifier (e.g., CMI) to conduct the audit. Growers in Chile can choose from among ten different EurepGAP-approved certification bodies (CBs) that are operating within the country.⁴⁵ Once the grower has selected an auditor, they agree to a date for the audit. The CB conducts a minimum of one *announced* external inspection of the registered farm and all declared produce handling sites annually. An additional 10 percent of *unannounced* inspections per annum are also conducted among all certified growers that are registered.

⁴⁵ These are: BCS Chile North Ltd; CERES-Chile; CMI) Chile; DQS en Chile; IMO Chile; Inspectorate Chile LTDA; IMO Chile; IRAM Chile; LATU Sistemas S.A. (Chile); Moody International Chile.

The harvest and produce handling must take place after the grower has become registered. For the first external inspection, the grower must be harvesting during the time of the audit. The grower must provide records for the auditor to review that either date back three months before the start of the harvest, or go back to the date when the grower first registered with EurepGAP, whichever is longer. No records that relate to a harvest that has taken place before registration are valid, even if they are less than three months old at the time of inspection (EurepGAP, 2004b). In the second and subsequent inspections, there must be at least one crop that is present (i.e., in the field, in storage, or produce that is not yet ready to harvest on the plants in the field or orchard) “to give the CB confidence that any other registered *crops* (if any) not present at that time are handled in compliance with EurepGAP” (EUREPGAP, 2004b:17).

“Shallow rituals of verification”? How standards are verified

Auditors verify that growers are complying with the standards, or what EurepGAP calls “control points,” which are detailed in EurepGAP’s normative document “EUREPGAP Control Points and Compliance Criteria.” This document is divided into 14 sections and consists of a total of 214 Control Points that must be completed and verified. This list consists of *three types* of control points: Major Musts (49 Control Points), Minor Musts (99 Control Points) and Recommended (66 Control Points) (EurepGAP, 2004b). To achieve certification these Control Points must be fulfilled as follows: *Major Musts*: 100 percent compliance of all Applicable Major Must Control Points is compulsory. *Minor Musts*: 95 percent compliance of all applicable Minor Must Control Points is compulsory. *Recommendations*: No minimum percentage of compliance is set. In other words, while Recommended Control Points are inspected by auditors, compliance with them is not a

prerequisite for gaining certification (EurepGAP, 2004b:11).⁴⁶ The auditor then produces an external inspection report prepared in accordance with the requirements of EN 45011/ ISO Guide 65.

With its appeal to technoscientific values, the claim from EurepGAP is that these experts verify grower compliance with standards in an objective, independent manner. To ensure objectivity, the practice of audit and measures of verification are independent from the standards themselves. However, I believe that this conceptual separation is misleading. In fact, in crafting their standards and the compliance criteria for these standards, EurepGAP itself establishes the boundaries of acceptable and non-acceptable levels of verification acted on by auditors. EurepGAP's standards are derived from generic HACCP principles and good agricultural practices (EurepGAP, 2004b). The focus of such standards is on the existence of *systems*- rather than *performance*- based aspects. EurepGAP emphasize standards for such things as policies, management plans, records, internal self-inspection, etc. Here, growers are expected to maintain documentation that details how they have met each of the Control Points requirements in the protocol. For the most part then auditors are expected to focus on reviewing the existence of documented systems and verifying their documented implementation. In some cases, however, EurepGAP have established standards that emphasize specific performance indicators and targets.

In analyzing the protocol, I found reference to five categories of verification requirements: 1) laboratory tests, 2) official certification, 3) official registration, 4) visual inspection and, 5) documentation review. My intent is not to argue that one category of

⁴⁶ When I asked participants what would motivate growers to implement the recommendations, the main response was that a key incentive is the possibility that the recommendations might become required in future versions of the protocol (EurepGAP updates its protocol every 3 years).

verification is better than another, but that the choice of categories established by EurepGAP reflects their values and priorities. Further, decisions about verification levels influence the actions that auditors take to ensure compliance, which may influence the degree of compliance and thus outcomes of particular standards. To demonstrate this, I compare the level of verification required in 'Section 8. Crop Protection' with that required in 'Section 12. Worker Health, Safety and Welfare' (WHSW) (see Table 6). I argue that more extensive verification is required to demonstrate compliance with many of the standards for Crop Protection, while verification of standards for WHSW is largely based on a review of the grower records.

Table 6: Compliance Criteria required for 'Crop Protection' and 'Worker Health, Safety and Welfare' standards.

Verification Requirement	Crop Protection				Worker Health, Safety & Welfare			
	Total Control Points	Major	Minor	Recom	Total Control Points	Major	Minor	Recom
Certification	6	2	3	1	3		2	1
Registration	6	4	2		0			
Laboratory Tests	3	2	1		0			
Total	15	8	6	1	3	0	2	1

Verifying Standards for Crop Protection⁴⁷

In response to consumer concerns about food safety and the strengthening of food safety regulation at both the national and EU levels, EurepGAP has made it clear that maintaining consumer confidence in the safety and quality of its product is a priority (EurepGAP, 2004b). For example, the UK has a national program for testing pesticide

⁴⁷ The Crop Protection section deals with standards of good practice in relation to: 1) minimizing the use of pesticides, especially the use of IPM (Integrated Pest Management), 2) selection of target appropriate and legal chemicals, 3) pesticide applications, 4) pre-harvest intervals, 5) application equipment, 6) disposal of surplus application mix, 7) pesticide residues, 8) pesticide storage and handling, 9) handling and disposal of empty chemical containers, and 10) disposal of obsolete pesticide products.

residues. The government requires that the Pesticide Residues Committee (PRC) responsible for this program demonstrate transparency (what some call ‘naming and shaming’) by making its “findings and recommendations available to Government, consumers and the food and farming industries in a way which aims to be comprehensive, understandable and timely” (Pesticide Residue Committee (PRC), 2007). Approximately 4,000 food samples are analyzed by the PRC each year for a wide range of pesticides. The results of this surveillance program are published on the PRC website. The results include, for example, the product name (e.g., Thompson Seedless Green Grapes), brand name (e.g., Tesco), retail outlets, country of origin, packer, and results of the analysis (e.g., chlorpyrifos 0.03 (MRL $\leq$ 0.5)).

As well, the EU has official standards and testing procedures to ensure compliance with MRL tolerances. All fruits and vegetables imported into the EU must comply with the relevant MRLs for a given active substance in combination with a given commodity (Lee, 2006). Currently, MRL levels are determined by individual member states. A state determines annually which products will be subject to control and how many controls will exist for each product. Approximately 10 pieces of fruit per product category are taken per control to be tested for pesticide residues by private accredited laboratories (Lee, 2006). The EU has created a ‘rapid alert system’ that is designed to share information among countries when problems with MRLs are encountered, that is, when MRLs are exceeded. To date, no harmonized MRL exists at the EU level; however, with the establishment of Regulation 396/2005 harmonization is expected to occur within the next few years.

The issue of pesticide practices and especially pesticide residues is of central concern to retailers who face a regulatory system where data regarding MRLs is shared not only among countries but also with the public. To ensure that EU and national standards are met – and retailer reputations remain intact – EurepGAP’s standards and compliance criteria for the use of pesticides are quite comprehensive. In this case, it is not sufficient for auditors to review grower records and assume that they are accurate. Instead, EurepGAP has structured the compliance criteria to ensure that more substantive means of verification is required, especially external evidence of validity such as independent testing for specific performance indicators or official certification.

In analyzing this section, I found that all three categories of verification requirements that extend beyond a review of grower documentation were required: 1) official certification, 2) official registration and, 3) laboratory tests. Table 6 lists each of these categories together with their total number of Control Points and whether the standard is a Major Must, Minor Must or Recommendation. Here we find that the majority of standards – 14 out of 21 – are required. I will now discuss each category in turn.

Certification. For six Control Points (see Table 6), EurepGAP requires that compliance be demonstrated with evidence of independent “certification,” “accreditation,” or “qualifications.” These points relate to advice/training/work (e.g., is the consultant/program/laboratory formally trained and/or qualified) accessed by growers in relation to IPM training, the selection of appropriate pesticide products, correct calibration of pesticide application machinery, and residue testing. For example, growers cannot simply assert that they are qualified to choose the appropriate pesticides or that

their application equipment is calibrated correctly. Rather, they must demonstrate compliance through the provision of certificates or qualifications that support their claim of competence and training (see Table 7 for examples).

Registration. For six Control Points (see Table 6), EurepGAP require that compliance is demonstrated with evidence of registration with an official body. These points require that all agrichemicals used by growers are officially approved and registered. For example, all pesticides must be officially registered and accepted for use by the appropriate governmental organization in the country of application. (If no scheme exists then they must follow FAO International Code of Conduct on the Distribution and Use of Pesticides; see No. 8.2.2 in Table 7.) All agrichemicals must be used only for the purpose for which they are officially approved and registered. In this case then, claims made by growers that they are using the appropriate pesticides in the appropriate manner must be supported by evidence of compliance with registration to an approved public body.

Laboratory Tests. For three Control Points (see Table 6), EurepGAP require that growers demonstrate compliance with the standards for MRLs via independent tests conducted by accredited laboratories. For example, under section 8.7 “Crop Protection Product Residue Analysis,” EurepGAP have four Major Must standards concerning MRLs. These standards require the grower to provide evidence of annual residue testing. Growers must be able to demonstrate that they know the MRL restrictions of the market in which they intend to trade. They must then provide “evidence of compliance with a residue screening system that meets the current applicable country(ies) MRLs” (EurepGAP, 2004a:13). Auditors must then review these residue analysis test results to

verify that particular performance targets have been met. As well, they must review evidence that the laboratory used for residue testing is accredited by a competent national authority to ISO 17025 or equivalent standard (EUREPGAP, 2004a). Furthermore, auditors explained that buyers also conduct random testing to ensure compliance with MRLs.

Table 7: Examples of EurepGAP's Control Points that require evidence of registration or official certification. Adapted from (EUREPGAP, 2004a).

No.	Control Point	Level
8. Crop Protection		
8.2.2	All pesticides must be officially registered and permitted by appropriate governmental organization in country of application. (If no scheme exists must follow FAO International Code of Conduct on the Distribution and Use of Pesticides).	Major
8.2.6 8.2.7	If choice of crop protection products is made by advisers or by farmer competence must be demonstrated via official qualifications or specific training course attendance certificates .	Major
8.5.2	Crop protection (pesticide) application equipment must be verified annually and certified by an official scheme for correct operation or carried out by person who can demonstrate competence.	Minor
12. Worker Health, Safety and Welfare		
12.2.1	Workers operating dangerous or complex equipment must provide evidence (certification) of having received formal training.	Minor
12.4.1	Workers who physically handle or apply crop protection products must demonstrate their competence via official qualifications or specific training course attendance certificates .	Minor

Verifying Standards for Worker Health, Safety and Welfare

Certification. In contrast, verification of standards for WHSW is limited. The main exception is in terms of certification. Three Control Points require evidence that workers have received formal training in using complex or dangerous equipment or handling or applying pesticides. For example, a grower cannot simply claim that his or her workers know how to competently apply pesticides but must provide evidence that they have received the appropriate training and received official qualifications/certification of

competence for the auditor to review. Of course, having competently trained workers in the area of pesticides is probably as important to ensuring that standards for MRLs are met as they are to worker safety.

Documentation. For the most part, growers demonstrate their compliance with standards for WHSW through systems of documentation and auditors “trust” the grower that the documentation is accurate. Very little independent verification, such as interviews with workers, is conducted. Here is a sample of the responses I received from participants when I asked them to explain how auditors verify labor standards.

The manager of an auditing company:

Documentation is the critical issue. This relates to the laws for due diligence [in the UK] where you must show records, documentation. So we do very few interviews with workers to verify practices. ...auditors need to go in with a positive attitude and not assume that growers are lying.

A medium-sized grower:

The auditors don't question anything...they trust the growers and they never talk to my workers...they do a perfunctory tour of the farm and they don't even question me about my paperwork.

The person responsible for training suppliers to implement EurepGAP at one of Chile's largest exporting companies:

They [the certifiers] look around the farm and then they focus on going through all of the paperwork. They can verify different aspects of the paperwork but they don't. They might just ask for an explanation but they don't normally doubt anything that's in the paperwork.

Mechanisms of verification that auditors utilize are framed by the standards themselves. For example, growers are not required to record how many workers – including all temporary workers – or *contratistas* they employ. According to the auditor, Ricardo, this is viewed as “a contractual relationship between [the grower and the

subcontractor].” However, without this information, it is difficult for auditors to verify independently other standards that are affected by such numbers. For example, are the living quarters provided adequate for the number of people employed? How many toilets are provided and is this the right amount for the number of workers employed? Ricardo explained that to determine how many toilets are necessary he says that he must ask the grower “How many workers do you employ during the peak periods?” He added that since the labor question and the issue of subcontractors is a contentious one, *“it is a question that I try to ask in the most innocent way possible.”*

Visual Inspection. The Control Points in the protocol imply that a visual inspection could be used to verify compliance with a number of standards for WHSW. For example, “Do accident and emergency procedures exist?” (No. 12.3.3), “Are First Aid boxes present in the vicinity of the work?” (12.3.1), “Is protective clothing and equipment stored separately from crop protection products?” (No. 12.5.4), or “Are on-site living quarters habitable and do they have the basic services and facilities?” (No. 12.6.3) (EurepGAP, 2004a: 20-21). However, verification could also occur through reviewing grower documentation. Although it is difficult to quantify the intensity of visual inspections, from my interviews growers implied that tours of the property were often perfunctory.

Even with visual inspections, verification is again limited due to the lack of interviews conducted with workers. Without the active participation of workers in this process we have no way to know what these standards mean for them. For example, some standards appear easy to quantify and thus unproblematic to verify. For example, “Do accident and emergency procedures exist?” (No. 12.3.3) or “Are First Aid boxes present

in the vicinity of the work?” (12.3.1). However, quantifying their existence tells us nothing about their value, especially in relation to what these standards mean for workers in practice. Do workers understand the accident and emergency procedures? Do workers know that First Aid provisions exist and do they have access to them when necessary? Are the First Aid boxes well provisioned? How are subcontracted workers made aware of these procedures?

As well, a satisfactory verification strategy would seek to understand how workers’ interpretations of qualitative standards compare with those of auditors and growers. For example, do workers view the living quarters as habitable and adequate? Do they have access to the basic services and facilities? When I asked the manager of an auditing company how they dealt with qualitative standards she replied:

Qualitative standards can be challenging. Internally we have a “blue book” that clarifies all of the different questions and what we expect. We try to clarify based on the European mentality. Since we’re a UK company we have a good sense of what the buyers want.... We’re also a member of EurepGAP’s Technical Committee so we can clarify questions there. But decisions rest with certifying body. We try to be fair with the grower according to the protocol (Susanna, Auditor 1).

What I have attempted to demonstrate here is that different mechanisms for verifying claims made by growers can be established. In relation to standards about which EurepGAP is particularly concerned, in this case pesticide use and pesticide residues, then EurepGAP wants assurances that the claims made by growers can be supported and verified through more rigorous means, such as independent certification or testing. However, the same degree of monitoring is simply not required for standards for WHSW.

This is particularly problematic in a context where it is broadly acknowledged that noncompliance with Chilean labor law is widespread due to lax enforcement

mechanisms. This fact is not only established by government agencies (including labor inspectors and the health and women's ministries) but also auditors themselves. As one of the lead trainers for EurepGAP explained:

The big problem in Chile is that companies don't comply with the law...when companies complain to us about EurepGAP standards [that require] toilets, protective clothing, etc, we tell them – “But these aren't just EurepGAP requirements, these are required by law!” Growers don't think they should bother to comply with the law because they know that it is highly unlikely that they will be inspected.

Proponents of market-based regulation have argued that in a context of non-compliance with labor laws, and a lack of public resources (or political will) for government inspectors to enforce these laws, then private standards and certification are a positive alternative. However, it is difficult to clearly establish what difference EurepGAP's standards have made, and what workers think of them, since auditors rarely meet or talk with workers to verify compliance or to obtain the views of workers on problems or shortcomings with the standards.

What is verified?

It is commonly presumed that audits improve quality and lead to higher standards. However, this is not necessarily the case since audits do not always assess the quality of a product or service. In fact, audits tell us little about the content and character of a standard. Rather, audits evaluate the practices and procedures of the production and provision process, assessing in particular qualities such as measurability, uniformity, predictability, and verifiability (Power, 1997). It is not the job of auditors to judge the adequacy or shortcomings of the standards, their job is simply to ensure that the records appear accurate. Consequently, auditors may find themselves verifying standards that are morally and/or scientifically questionable as the following examples illustrate.

First, in the 2001 EurepGAP protocol standards (“minor musts”) were established that specifically stated that growers must comply with local and national regulations concerning employment conditions. Each aspect (e.g., wages, age, working hours, working conditions, overtime, contracts, maternity leave, medical care, freedom of association, job security, pesticide training, social security, health requirements, and access to medical facilities) was an individual control point that an auditor was required to verify. In the 2004 version of the protocol these individual standards were removed. Replacing them is a standard that requires that: “a member of management [is] clearly identifiable as responsible for worker health, safety and welfare issues.” This person is responsible “for ensuring compliance with existing, current and relevant national and local regulations on worker health, safety and welfare issues” (EurepGAP, 2004a:21). The change is subtle but significant. Rather than independently verify that growers are in fact abiding by the law, auditors are now simply required to ensure that *someone* is responsible for complying with the law. They are not required to verify that this person is in fact ensuring compliance with the laws. Consequently, whether labor laws are abided by is outside the bounds of the certification procedure.

Second, EurepGAP recommends that biannual meetings between management and employees take place where the concerns of workers about health, safety and welfare issues can be raised. Auditors verify that records of these meetings exist and that the concerns of workers are recorded. However, the standard states that in verifying this process the “auditor is not required to make judgments about the content, accuracy or outcome of such records” (EurepGAP, 2004a:21). This statement is quite astounding. It is

difficult to give any measure of credence to a standard and audit process where the accuracy of the data required to ensure that the standard is complied with is irrelevant.

Third, it is recommended that workers who handle or apply agrichemicals voluntarily receive an annual medical checkup. Interestingly, auditors only verify whether the Control Point is complied with or not; they do not evaluate the content of the checkup. Whether a doctor's examination indicated that a worker was being exposed to pesticides is irrelevant to meeting the standard. The resulting scenario is one where auditors may verify a standard that provides evidence that workers continue to be exposed to pesticides.

Auditability can become an end in-and-of itself. Standards have been created that appear to prioritize 'auditability' over a more substantive evaluation of their content. It is easier to check off documents that state that a meeting has taken place or that a manager is responsible for worker welfare than to set a standard that requires a more meaningful audit system, one that might require, for example, interviews with workers or labor representatives, or evidence of employment contracts and wage slips to assess compliance.

Transparency

Audits are broadly valued because their perceived transparency is a quality considered critical to establishing trust and ensuring accountability. Moreover, transparency is an "outward sign of integrity" (Strathern 2000:2). Transparency within a value chain can be defined as the "extent to which all the network's stakeholders have a shared understanding of, and access to, produce and process related information that they request, without loss, noise, delay and distortion" (Beulens *et al.*, 2005:481). EurepGAP

asserts on its homepage that in response to consumer demand its “aim is to ensure integrity, transparency and harmonization” in relation to its standards (EurepGAP, 2007:npn). However, the structure of EurepGAP’s audits, especially their requirement for confidentiality, the lack of any impact assessment, and the absence of any complaint mechanism, limit rather than enhance transparency.

Confidentiality. While on the one hand EurepGAP calls for transparency, on the other it insists that the results of its audits remain strictly confidential. All information relating to the grower “including details of products and processes, evaluation reports and associated documentation will be treated as confidential (unless otherwise required by law). No information is released to third parties without the prior written consent of the [grower] unless stated otherwise in this document” (EurepGAP, 2004b:47). What information must be made available to third parties is meager. In particular, this relates to EU food safety laws that require evidence that growers have complied with MRLs.

For workers, the confidentiality clause is particularly problematic. If auditors find growers in violation of Chilean labor law (or any other law) they may not disclose this information to the legal authorities. For example, as explained above, if a grower does not provide sufficient toilets for all workers or fails to provide protective clothing for their pesticide applicators, they are not simply failing a EurepGAP audit but also the law. However, as the manager of an auditing company explained, “*All results are confidential so even if we find that a grower is not abiding by the law [in relation to labor standards] we cannot report it*” (Suzanna, Auditor 1). At best, such confidentiality may compromise a workers welfare, at worst it may endanger a worker’s life.

How standards are structured, worded and thus verified are not insignificant in this regard but can act to protect confidentiality by establishing a variant of a “don’t ask, don’t tell” policy. For example as I discussed above, Control Point 12.61.1 on “Welfare” does not require independent verification of grower compliance with worker health, safety and welfare regulations. Instead, the auditor must simply confirm that a member of management is responsible for ensuring such compliance. Without verifying compliance with labor regulations directly it is difficult for an auditor to establish whether, and if so the extent to which, compliance or non-compliance with the labor law exists. Finally, one cannot dismiss the possibility that even without a confidentiality clause, the fact that a financial relationship exists between grower and auditor provides an incentive for auditors to dismiss legal transgressions should they occur.

Impact Assessment. Transparency depends on the ability to independently evaluate claims made regarding the audit process and its results. However, EurepGAP does not conduct any data analysis or impact assessment nor is data from the audits collected and made available for independent analysis. There simply is no mechanism to monitor and assess the effectiveness of its standards and audit. For example, the medical examinations that workers who handle or apply agrichemicals receive could provide an important means for assessing and providing feedback on the effectiveness of EurepGAP’s standards (i.e., in regard to pesticide training and the provision of protective clothing). However, auditors only verify that the Control Point is complied with; they do not evaluate the content of the checkup. And, since this information is confidential the data are not available to the public for analysis. The ability to analyze the value of EurepGAP’s labor standards is also hindered by the lack of quantitative data that would

allow for an objective evaluation of performance elements (e.g., percent of workers with employment contracts, analysis of blood tests, legal registration of *contratistas*). Instead, their emphasis is on qualitative aspects or systems that are more difficult to evaluate.

Since EurepGAP does not evaluate its audits, or make this information publicly available, it is difficult for independent observers to compare and evaluate the strengths and weaknesses of public versus private standards. This is problematic since support for voluntary standards is largely built on the basis that they are superior to public standards. For example, proponents of voluntary standards argue that government regulations (in contrast to private standards) encourage “a ‘tick-box’ mentality,” that is, business is only willing to make cosmetic changes in order to meet the minimum requirements as stated in the law (BMZ and GTZ, 2006:23). Without publicly available data it is difficult for interested parties to evaluate claims made by EurepGAP’s proponents, such as Bown’s assertion that conditions for *temporeras* have improved as a result of GAP, and to assess whether these standards are meeting their stated objectives.

As the information in this dissertation demonstrates, government regulatory agencies in Chile, such as the Ministry of Health, the Ministry of Labor, Sernam and the Ministry of Agriculture, collect data and make it publicly available. As systems of private standards and audits expand there is the danger that the data and information the public needs to understand social, environmental and economic relations and conditions will become increasingly privatized. Without access to this information, the ability to think, debate, and act on this knowledge may be severely constrained.

Accountability: to whom and for what?

EurepGAP has sought to establish its authority and sustain credibility for its standards on the basis of third-party audits. In contrast to government regulation or self-monitoring by corporations, audits are widely valued and championed today by a range of stakeholders – social activists, buyers, and governments. Their broad promise of independence, objectivity, and transparency is perceived as ensuring accountability to stakeholders throughout the value chain. The legitimacy of audits then provides retailers with a cost effective means to govern their supply chains, reduce risk and liability, and strengthen a ‘due diligence’ defence.

The purpose of this chapter was to compare the practice of audit with the claims made about them by EurepGAP, especially in relation to the health, safety and welfare of Chilean agricultural workers. From this analysis, what can we conclude about the level of accountability assured to workers? Potentially, EurepGAP audits provide an important tool for ensuring that the training and protection for pesticide handlers and applicators takes place, together with other basic welfare issues, such as access to toilets, housing, and potable water, at least for some workers. However, a fundamental problem is that little substantive independent verification of worker welfare standards takes place; rather auditors trust that the paperwork maintained by growers is accurate.

Audit reports tell us little about what was verified or how it was verified in relation to labor. I have argued that efforts to assess compliance with labor standards are minimal largely because of the way EurepGAP itself has structured its standards and assessment criteria. That is, there is no uniform, objective strategy for verifying the standards and their compliance. Rather, the standards and their compliance mechanisms are structured to reflect the perceived risk and liability issues that retailers are concerned

about – principally food safety and pesticide residues. Consequently, the job of certifiers is to ensure that grower records in relation to labor appear accurate. Few – if any – measures are taken by auditors to compare grower practices with the claims made.

Why is this so problematic? Why is labor accountability important? As the previous chapter detailed, labor relations are the most contentious issue within the value chain. In the absence of a rigorous government system for monitoring and enforcing labor laws, growers have consistently demonstrated their reluctance to comply with the law. Within this context, it is difficult to conclude why an auditor should ‘trust’ growers to institute new attitudes and practices towards labor regulation.

During the audit process the concerns and voices of workers are almost entirely excluded; these actors are barely acknowledged, let alone interviewed or engaged with by auditors. The potential for workers to identify problems with the standards or audit is not only constrained by their lack of participation in the process but also by the lack of transparency and independence in the auditing process. Deficiencies or constraints are hidden behind confidentiality clauses, the lack of public access to data and the failure to conduct impact assessments. Thus, the degree to which the audit ensures compliance with the standards, or the degree to which the audit has relevance for the welfare of workers, is based not on the claims workers make themselves, but rather on the anecdotal evidence and claims made by actors in powerful positions with a clear stake in their success.

The problem that advocates of greater accountability for labor now face is that challenging third-party audits is difficult. The technoscientific aura surrounding audits is not meant to provoke a closer examination of what the certification actually means but rather to *reassure* concerned stakeholders that no further investigation is necessary. The

auditor's report and the granting of a EurepGAP certificate is designed to function as a one-way signal that the grower's produce is 'fit' for consumption. It has met standards that ensure that the product is not only safe but that it has been produced in a manner that respects worker health, safety and welfare. Rather than encourage curiosity and public inquiry into the content of audits (Power 1997), such audits encourage complacency that standards setting, monitoring, and enforcement are better left to the 'experts.' Furthermore, important information and data that workers and communities need to support their claims about health, safety and welfare issues, and the level of compliance by growers with labor law, is increasingly privatized, subject to confidentiality agreements.

Consequently, while a common perception is that audits enlighten, inform, and enable criticism through their promise of transparency, objectivity, and expertise, my concern is that the practice of audit may function to close off potential discussion or inquiry into the content and outcome of EurepGAP's standards. Audits may function to sustain particular forms of political and social order since the practice of audits encourages the idea that debate and action concerning labor standards should move out of the realm of political discourse and into the realm of neutral science. In other words, particular power relationships within the agrifood chain might be sustained since standards are no longer a political, social or moral question to be debated and discussed. Now standards are a technoscientific problem to be assessed and decided upon by disengaged, independent experts.

By ignoring the limits of audits we may end up depending on these "shallow rituals of verification" (Power 1997:123) at the expense of more informed, engaged,

meaningful acts of accountability. This is not to argue that audits should be abolished altogether. However, acknowledging their limits could facilitate an atmosphere that not only encouraged discussion regarding under what conditions audits are an appropriate measure, but also regarding what measures are necessary to make audits more meaningful and to provide accountability not only to stakeholders in the global north but also to workers and communities in the global south.

CHAPTER 7

Depoliticizing Social Responsibility

EurepGAP has emerged as one of the most influential private-sector standards for CSR, furthermore, EurepGAP illustrates that corporations are not simply responding defensively to demands for CSR, but are in fact mobilizing to influence, lead and transform the agenda of institutional reform (Utting, 2005). This dissertation sought to problematize EurepGAP's technoscientific and universalistic claims regarding its protocol. Focusing on the practice of EurepGAP's standards and audit within the Chilean export fresh fruit chain, this study examined how the costs, risks, and benefits of EurepGAP are distributed throughout this value chain and in particular what the health, safety and welfare implications of EurepGAP are for agricultural workers. Utilizing a global value chain (GVC) approach, together with the science studies literature on CSR and science and technology, this research addressed three questions in relation to EurepGAP: 1) what factors motivated UK retailers to establish EurepGAP; 2) how have the costs, risks, and benefits of EurepGAP been distributed throughout the value chain and; 3) what impact have EurepGAP standards had on the health, safety and welfare of agricultural workers in Chile.

Gereffi (1994) explains that governance is about the power and authority to determine how resources – whether monetary, material or human – are distributed throughout the value chain. For sociologists then, an analysis of value chain governance is useful for understanding and making explicit how certain actors, structures, institutions and practices (re)shape and (re)produce inequality and power relations both within and between countries. GVCA has proved to be a valuable framework for agrifood and

development scholars because it recognizes that the traditional focus on the nation-state and international organizations, such as the World Bank or IMF, is too limited. Rather, to understand how questions of inequality and power relations are changing today as a result of globalization, one has to analyze the governance strategies of buyers – in my case food retailers – in the global north. The concentrated power of retailers, together with their technological and organizational savvy, mean that these corporations are not simply sourcing product and reselling it. Rather, their decisions increasingly determine who gets to participate in the global economy and under what conditions, which has important implications for development. Importantly, while GVCA recognizes the central role of retailers, this framework also insists that retailers do not operate free of broader social, economic and political relations. This perspective contrasts with both proponents and critics of neoliberalism who often assume that the market operates independently. Thus, as I have demonstrated throughout the preceding chapters, how retailers are organized, what their objectives are, what risks they prioritize, and the discourse they draw on, is shaped by, for example, government and EU regulations, consumer demands, and NGOs.

A GVC approach emphasizes the concept of quality and the role of institutions to understand *how* retailers govern their supply chain and *why* they are interested in doing so. Here, I demonstrated that in an oligarchic retail market supermarkets seek to minimize price competition in favor of competing on quality where the value attributes of goods are defined, captured and marketed to consumers. To compete effectively on quality retailers need to develop institutions, such as standards, audits, labels and brands. Standards, through their embodiment of rules, and audits, which ensure compliance with the rules, allow retailers to integrate their quality requirements into the production

process. These quality requirements are then communicated to consumers through brands, labels, and certification. What I argued here, is that these developments have proved to be a double-edged sword for retailers. The concentrated power of retailers, their emphasis on quality and trustworthy brands, and the need to protect their reputation has, perhaps ironically, made them more vulnerable to campaigns for CSR. This dissertation has demonstrated that to understand the strategies of UK retailers – their efforts to develop standards and audits for social goods and to govern their supply chains more closely in relation to its social, environmental and ethical performance – it is necessary to incorporate an analysis of CSR. The CSR literature provides a framework for understanding what has compelled retailers to respond to such demands and to appreciate the potential strengths and limitations of such efforts.

Utilizing these theoretical approaches to examine the practice of EurepGAP, this dissertation identified several important limitations of private-sector standards for CSR. In general, I argue that the ideological and structural biases underlying CSR reinforce modernizing and neoliberal notions of development, thus delineating its possibilities and limitations. CSR is premised on the basis that the most effective and efficient way to resolve social and environmental problems is through the market. Within the context of globalization, voluntarist approaches are countered to efforts to build strong, participatory, democratic institutions to address such concerns. Now, the global north – more specifically its private sector – is viewed as having the capacity and responsibility to develop the global south. Corporations, acting on the purported concerns of northern consumers and NGOs, will determine the economic, social and environment priorities of production.

One of the limitations of GVCA is that it does not address how retailers legitimate particular forms of governance. Here, the literature on the social studies of science and technology is valuable for understanding how retailers frame, justify and provide credibility for their role in determining how social goods should be governed. By establishing EurepGAP, retailers have demonstrated leadership and initiative in developing standards and audits designed to reconcile competing concerns regarding people, planet and profit. At the same time, retailers are cognizant of the need to thwart criticism that their protocol is simply an effort to reorganize the supply chain to their benefit, emphasizing instead that EurepGAP's authority and legitimacy stems from its basis in technoscientific values. Here technical experts determine a universal, consistent set of 'best practices' for food safety, environmental sustainability and worker health, safety and welfare. To ensure objectivity, transparency and accountability, independent third party audits assess compliance. The claim then is that technoscientific standards surmount competing interests and values among interested parties regarding the 'triple bottom line,' providing a 'win win' solution for stakeholders.

However, institutional arrangements are inevitably normative, whereby rules, norms, values and conventions embodied in a set of standards and audit reflect efforts by particular groups of actors to establish a form of order that enhances and prioritizes some interests or preferences over others. Since technoscientific standards and audits are neither value neutral nor interest free, the challenge here was to examine how in practice EurepGAP standards and audits disproportionately impose costs, risks, benefits and responsibilities on various actors within the supply chain. The distributional consequences of EurepGAP then shape broader power relations and questions of

inequality. My findings suggest that retailer expectations that growers absorb the costs and risks involved in meeting standards have compelled growers to reduce labor costs. The utilization of flexible labor strategies by growers is a key obstacle to improving worker welfare. Rather than facilitate transparency and accountability, third party audits largely fail to verify compliance or illuminate shortcomings with labor standards, such as those found in this research, and collected data is unavailable for public assessment. Consequently, I argue that EurepGAP is of limited value for ensuring the health, safety and welfare for agricultural workers because it ignores the inequitable power relations that exist within the value chain that help create or contribute to poor working conditions in the first place, and it ignores retailers' own role in creating these inequities. Its emphasis on technocratic rather than social and political solutions encourages us to put our faith in experts and the scientific process. Such a course of action may function to undermine democratic debate and accountable institutions, both of which are necessary to determine what is or should be the public good. The remainder of this final chapter develops these conclusions more comprehensively.

A 'Third Way' Solution?

A principal argument of free market adherents was that state intervention in the economy had “created rigidities that suppressed the market and militated against innovation and efficiency” (Kaldor, 2003:113). The goal of neoliberalism then was “to disembed capital from these constraints” (Harvey, 2005:11). Sections of the public sector would be privatized and commercialized, trade would be liberalized through the elimination of tariffs and other protectionist measures, and markets would be liberalized by removing government interference in financial markets, capital markets, and trade (Olssen, 1996;

Stiglitz, 2003). Unfettered from governmental intervention and regulation, open markets and free trade would allow markets to operate efficiently and expand globally. The market was now seen as a superior space for providing public goods (Harvey, 2005); in contrast to government, the market is efficient, responsive, and free from political interests. The private sector has the ability to regulate itself through voluntary initiatives that respond to market and societal signals (Utting, 2005).

Initially, victory for the idea of the ‘free market’ and against government intervention in the economy occurred more at the rhetorical level than in practice (Carruthers and Babb, 2000). However, from the 1990s, we began to witness “the purposeful *construction and consolidation* of neoliberalized state forms, modes of governance, and regulatory relations” (Peck and Tickell, 2002:384). Proponents were concerned with building new forms of institutions and styles of government intervention for economic management that were increasingly technocratic, undemocratic, and depoliticized (Peck and Tickell, 2002). Part of the process of constructing neoliberal institutions was the inauguration of a new era of accountability based on audits (Power, 1997; Strathern, 2000; Ranson, 2003; Campbell and Rosin, 2006).

These changes not only affected developed countries but had enormous implications for the global south. The IMF and the World Bank led reforms, in what became known as the Washington Consensus, rejected state-led ‘development’ in favor of market-based models whereby development would occur through global trade (Stiglitz, 2003). Participation in the global marketplace together with “‘good governance,’ that is, market accountability” was now the road forward out of poverty and underdevelopment (McMichael, 2005:119).

Within the context of neoliberal economic and political reforms, proponents of CSR argue that MNCs lack accountability and that states, together with international organizations such as the WTO, lack the capacity or willpower to enforce rules that deal with social objectives. For many NGOs, the rhetoric of CSR promises to provide a ‘third way’ solution to many of the social and environmental injustices they argue result from exploitative practices within global supply chains. Here, non-governmental systems of regulation and multi-stakeholder initiatives are seen as an effective means for tackling government failure. In particular, voluntary standards are the means through which ‘regulatory deficits’ or ‘compliance gaps’ that exist as a result of globalization can be filled (BMZ and GTZ, 2006). In addition, voluntary standards can ensure that rules that do exist at the national or international level are enforced within countries that “lack the political will or the ability to enforce those rules on the ground” (BMZ and GTZ, 2006).

In advocating voluntarist approaches of governance over government, proponents of CSR support and legitimate the premises and ideology of neoliberalism rather than challenge them. As Utting (2005:379-80) argues, approaches towards CSR “have a powerful ideological and theoretical grounding,” which are “structured around a series of propositions that tie in with new theories and thinking associated with modernization, neo-liberalism, global governance, new institutional economics, and business management.” By reducing the capacity of governments to regulate, neoliberal policies, especially by international lending agencies, have facilitated the rise of civil regulation (Schuurman, 2000). It is ironic then that these civil society organizations now argue that since governments are incapable of protecting workers and the environment it should be

the job of business and NGOs, thus further undermining the capacity of governments to govern.

Of course the idea that unaccountable organizations, including major corporations, should now decide what is good for workers, producers and communities in the global south is not unproblematic. EurepGAP has sought to work its way around this problem by asserting itself as a ‘partnership’ between retailers and producers. More important, however, are its efforts to envelope its privatized and depoliticized form of social justice under the mantle of science. The dominant discourse or viewpoint emanating from EurepGAP is that political, social and economic questions related to agrifood production are best left to dispassionate experts to resolve and that it is possible to develop a universal technoscientific framework for determining social and environmental goods around the globe. Through their sector committees, representatives with the appropriate technical ability from both the retailing and supplier sectors establish good agricultural practices, including for labor. Harvey (2005:69) argues that in a context “where the state is supposed not to be interventionist,” it has become more acceptable to limit democratic governance in favor of “undemocratic and unaccountable institutions” that rely on ‘experts’ to make key decisions.

The power of retailers and “the ‘privatisation’ of fairness and justice” (Tallontire and Vorley, 2005:17) within the supply chain is hidden behind the language of scientific objectivity and value neutrality. However, decisions about what should count as facts and who has the authority to establish these facts is always situated (Star, 1991; Haraway, 1995; 1997). In other words, all knowledge claims and “representation are inevitably partial, perspectival, and interested” (Rouse, 1996:209). As we have seen in the chapters

above, decisions about what evidence to collect, which experts to talk to, what should be considered a risk and to who is never objective. As Bendell (2005:367) argues in relation to the audit process, “‘Evidence’ is never ‘objective’ in that the person viewing it is involved in deciding what it means and whether it counts as evidence in the first place. One auditor’s ‘evidence’ is another auditor’s clutter. Despite the rhetoric of professional objectivity, all auditing decisions are discretionary, at every moment of the audit process, from choosing who to talk to, to what to ask, how to ask it, what to follow up on, and what to recommend.”

Efforts to develop labor standards that incorporate ‘strong objectivity’ (Harding, 1991), that is, standards that are less partial and interested, must begin with the active involvement of workers – especially the most marginalized workers – as subjects, not objects. Workers’ social location – whether as women, temporary workers, or subcontracted – provide them with their own sense of fairness and justice in the workplace, which includes views about what an appropriate standard for health, safety and welfare might look like. Establishing standards for labor is not the same thing as determining brix levels in grapes. As Schmid (2004:215) puts it “Labor is not a commodity like a sack of potatoes or a machine too. It comes with an attitude.” However, there is no attempt by EurepGAP anywhere to engage with workers or labor organizations as subjects in the design, monitoring, or evaluation process. From a technoscientific perspective, workers are justifiably excluded since they are inherently biased and lacking in objectivity due to their social location (Star, 1991; Haraway, 1995; 1997). Only those who are seen to embody a “culture of no culture” have the authority to establish facts (Haraway, 1997:25). The lack of representation and participation by

workers in determining appropriate labor standards allows EurepGAP and their auditors to be more selective about which standards they intend to follow and less accountable for how they are monitored and enforced. As we have seen, this has meant that while EurepGAP's standards address some of the most evident health and safety risks affecting workers in relation to pesticide poisoning, the health risks faced by the most marginalized workers are largely overlooked or disregarded.

EurepGAP's failure to develop more extensive health, safety and welfare standards for labor reflects, in part, one of the main criticisms of CSR in general. That is, businesses tend to prioritize standards that reflect the values and concerns of northern consumers, NGOs or investors (Blowfield, 1999). Social norms, laws and regulatory mechanisms hold corporations accountable to their shareholders and customers at home but rarely to workers and communities where their supply chains operate. Moreover, CSR campaigns are more likely to be picked up by the media and provoke the greatest outcry when NGOs can point to particularly egregious human rights abuses or concerns, such as child or slave labor. The pervasive day-to-day grievances faced by workers, such as compulsory overtime, chronic health problems, lack of access to bathrooms, refusal to abide by contractual obligations, or denial of the right to organize, evoke little international sympathy or cause for concern (Seidman, 2003). Without a flagrant human rights red flag issue that might generate a media or NGO outcry, labor practices in Chile can be dismissed by retailers as 'low risk.' For northern consumers, pesticide residues – together with food safety and quality more generally – are of far greater and immediate concern than the safety and welfare issues that workers and communities confront on a daily basis.

Concerns about the inadequacy of CSR standards for labor and the lack of engagement with workers are not new. This issue was the focus of the third biennial conference of the Ethical Trading Initiative (ETI) in 2003. While not specific to EurepGAP, the conference raised concerns that are relevant for EurepGAP's practices. The conference report explained that while "the rhetoric of labour codes is about improving conditions for workers...the very same workers have been curiously absent as actors on the labour codes stage" (Ethical Trading Initiative, 2003:11). In fact, they explain that while companies adopt and implement labor codes and undergo independent monitoring each year, very few workers within these same companies are even aware that these codes exist. Representatives of trade unions and NGOs from developing countries at the conference expressed concern that labour codes were "typified by well-meaning paternalism" where the focus of initiatives is on trying to protect workers rather than helping workers protect themselves (Ethical Trading Initiative, 2003:11-12). Their position was that, if workers are not involved in any meaningful way, then any long-term, far-reaching improvements for workers could not be achieved.

The value of EurepGAP for workers is limited because it is an attempt by retailers to separate health, safety and welfare standards from broader concerns of power relations and labor rights when in reality these issues are inherently interconnected. Worker health and safety are directly related to matters such as contractual relations (e.g., permanent or subcontracted), hours worked, wage levels that influence whether workers can access healthcare, and so forth, none of which EurepGAP address. As I argued above, workplace standards are inadequate if workers do not have the power to negotiate their content or to ensure their compliance. At a minimum, this would require that workers are

knowledgeable about the full extent of the hazards they face, that they have access to complaint and dispute procedures, and that they have the right to refuse hazardous work without the threat of retribution. These preconditions simply do not exist for the vast majority of Chilean agricultural workers, especially those who are temporary and subcontracted. Furthermore, retailers fail to acknowledge their role in creating inequitable power relationships within the supply chain. EurepGAP frames social responsibility and worker welfare as a problem rooted in the practices of producers, especially in developing countries, not that of oligopolistic retail markets, stringent retailer demands and inflexible buying practices.

By relying on private-sector standards and audits for CSR, democratic accountability in the public sphere may be eroded or subverted. In seeking to replace politics with technically rational solutions, voluntarist approaches undermine the conception that “democratic participation, contestation, and judgement in the public sphere” is necessary to determine what is or should be the public good (Ranson, 2003:470). While the discourse surrounding the practice of audit is that they are designed to enhance accountability, Ranson (2003:460) argues that instead they “strengthen corporate power at the expense of the public sphere.” Rather than challenging inequitable power relations within the workplace and throughout the value chain, the technocratic nature of EurepGAP and its lack of democratic accountability may help sustain them as auditors check off standards within a workplace as acceptable for ensuring the well-being of employees.

In response to criticism concerning the lack of accountability with CSR, many NGOs now call for greater “stakeholder dialogue, participation, and partnership”

(Bendell, 2005:371). As we have seen, EurepGAP too, has sought to allay criticism by incorporating representatives from the producer sector within their organization. But this remains inadequate. Stakeholder participation in a process that remains outside the democratic process remains a very poor alternative to efforts to place democratic principles and democratic accountability at the center of policy development and practice. Democratic processes are necessary to address issues of fairness and justice by sorting out distributional questions of how the costs, benefits, and responsibilities of institutional reforms should be distributed. As we have seen, conflicting views about what is or should be the good society always exists since there are always conflicting interests within society. Determining what institutional forms are necessary to address questions of fairness and justice is always a political process. In light of these conflicts then, within the context of the political-economic nexus, decisions by states on what institutions to implement or not plays a necessary role in adjudicating questions of fairness and equity. As Busch (2000) argues, the absence of democracy is problematic because it allows citizens to avoid dealing with the moral dilemmas facing their society. Informed participation by citizens in decision-making, including so-called technoscientific decisions, is critical since it is only through democratic participation that we can determine what are, or should be, our moral values. Ideally, democracy would ensure that each citizen would determine “what is moral, what is virtuous, what is right” not through simply voting, but rather through engaging in practices of “debate, dialogue, deliberation, and action that are essential to democratic practice” (Busch, 2000:148).

While EurepGAP may potentially minimize some of the worst aspects of health and safety issues for some workers, it inevitably fails to address the inequitable power

relationships between actors within commodity chains and between developed and developing nations. EurepGAP's intention is not to radically transform the agrifood system; rather its reformist approach is aimed at modifying some conventional agricultural practices in a manner that will assure and protect retailer's priorities, especially their economic priorities. Without addressing the buying strategies of retailers that reflect inequitable relationships within the global commodity chain, the very conditions that CSR claims to be addressing are exacerbated. EurepGAP offers the promise of a simple technocratic fix to address what are in fact complex structural problems concerning poverty, inequality, and international trade. The assumption that these issues can be resolved by relying on self-selected civil society actors and sidestepping democratic processes as well as key actors, such as governments, is both presumptuous and naive.

Policy implications and Future Research

Recognizing the limitations that I have just outlined of voluntarist approaches such as EurepGAP for dealing with worker welfare is important for thinking about policy implications and for further research agendas for scholars, states, and NGOs.

As I argued above, private, technocratic standards for CSR are increasingly privileged as a positive alternative to state regulation. However, it is not clear what impact initiatives such as EurepGAP have had on state regulation and the ability of the state to act to ensure worker health, safety and welfare. To assess the broader implications of CSR and governance research is needed that would analyze how CSR initiatives act to strengthen, limit or parallel government policy. Since the return to democracy in 1990 the Chilean state has made modest efforts to collaborate with labor

advocacy groups (e.g., Anamuri, MUCECH), strengthen labor laws that were weakened or eliminated under the Pinochet dictatorship, and increase monitoring of the sector to ensure compliance with the law. However, with the growing influence of CSR in general, the voluntarist language of CSR has begun to permeate government initiatives. For example, the government is now focused on bringing together the various stakeholders involved in the fruit sector to develop 'good labor practice' initiatives. The idea here is to work with the sector to encourage them to implement practices, such as employment contracts or childcare. However, without further research it is difficult to determine whether such efforts will complement or undermine labor laws and monitoring efforts.

I have argued here that a key limitation of EurepGAP's technocratic approach to worker welfare is that workers themselves are entirely excluded from participating in determining what a standard for worker health, safety and welfare should look like and how one might monitor its compliance. Through excluding workers, EurepGAP can be more selective in deciding what standards they will include and what standards they will leave out. However, it is important to think about workers not just as victims who are acted upon but also as actors. Further research is needed then that would attempt to understand how CSR and GAP initiatives might constrain or strengthen the ability of workers to act. While EurepGAP offers an alternative to worker organization, such actions can have unintended consequences. For example, EurepGAP's (and the GAP program more generally) requirement that basic facilities (e.g., toilets, potable water, housing, dining halls, protective clothing, first aid) must now be provided for (some) workers has helped raise awareness about workplace conditions. It has also helped to advance a broader public discussion about what is and is not acceptable workplace

practices in relation to labor and what the country needs to do about it. As one labor advocate told me, when she used to raise the issue of pesticide poisoning everyone thought she was crazy. Now pesticide poisoning is a recognized and accepted problem and a space has opened allowing greater public discussion on what to do about it.

EurepGAP's limitations, including its lack of accountability to workers, highlight the need for NGOs, social movements and states to help shift the debate away from a focus on market-based campaigns for corporate *responsibility* towards demands for corporate *accountability* that must involve state actors (Bendall, 2004 Fox and Vorley, 2004; Utting, 2005a; b). Voluntary approaches are insufficient if we accept the idea that all corporations must be accountable for their actions. From this perspective, such accounting is only possible through the universal enforcement of adequate legal and financial incentives that will ensure corporate compliance, largely by punishing those that engage in illegal behavior (i.e. non-compliance with Chilean labor law). The value of this approach then is that it seeks to overcome one of the main structural and ideological limitations of CSR and EurepGAP, which is the countering of market-based approaches with state-based approaches and the assumption that fairness and justice within value chains can be adequately addressed with the exclusion of any of these parties.

APPENDIX

Interview Guide

Growers/Exporters

What standards/certification are you required to meet/have? Do these differ for different markets (e.g. US vs. EU) or buyers?

Are you EurepGAP certified? Since when?

Why did you implement EurepGAP?

Describe the process of learning how to understand (interpret) the standards, implement them, and gain certification.

What assistance have you received (e.g. training, financial) to help you achieve certification? Who has provided this? What did it cost?

Do you require that your suppliers (outgrowers) have EurepGAP certification? Why/Why not?

Do you provide any form of assistance (e.g. training, financial) to help your suppliers gain certification? Why/Why not?

What sort of challenges have you/your suppliers faced in implementing EUREPGAP standards?

How have your practices/their practices changed as a result of introducing EUREPGAP standards?

How did you/they choose a third-party certifier?

Describe in detail how the audit process works.

What do the auditors physically inspect? Who do they meet with/talk with? What do they measure?

How do auditors verify the documentation?

How are disputes/differences of opinion regarding compliance with a standard dealt with between growers and auditors?

What are the consequences of failing to meet the standards? Are appeals possible?

What are the costs/benefits of implementing EUREPGAP?

What are the implications of EUREPGAP standards in relation to worker health, safety and welfare?

Who is responsible for ensuring that EurepGAP's standards are followed when subcontractors are used? How is this verified?

What risks, if any, are these standards and certification meant to mitigate?

What liability issues, if any, are associated with certification?

Auditors

Describe in detail how the audit process works

Are your inspections pre-arranged?

What do you physically inspect? Who do you meet with/talk with? What do you measure? Which EUREPGAP standards require independent testing?

How are growers graded on the standard(s)?

Explain the difference between a "Major Must"; "Minor Must"; "Recommended"?

How do you assess (grade) the subjective aspects of the standards?

What procedures do you use to verify documentation?

Do you interview workers? Do you interview contratistas? Why/Why not?

How do you deal with disputes/controversies regarding compliance with a standard?

Who is responsible for ensuring that EurepGAP's standards are followed when subcontractors are used? How is this verified?

What Chilean/international laws does EUREPGAP require compliance with?

Has this changed between the 2001 and 2004 version of the protocol?

How have grower practices changed as a result of introducing EUREPGAP?

What areas of EUREPGAP have growers found the most challenging to comply with?

What are the strengths/limitations of EurepGAP's standards (i.e. in relation to worker welfare)?

Where or how do growers access the necessary training to implement EurepGAP?

Where did you receive your training to audit EurepGAP's standards?

Farm Workers/Unions/NGOs/ Government

What are the main health, safety, welfare issues facing workers in the export fruit sector?
Are these new issues?

Have workplace conditions for workers changed over the past 5 years? If yes, how/why?

What standards/regulations (government, industry) are in place to address worker health, safety and welfare?

How are these monitored and enforced?

Are you aware of EUREPGAP standards?

How have workplace practices changed as a result of the introduction of EUREPGAP?

How are you made aware of EUREPGAP standards?

What training have you received in relation to them?

Are you aware of the audit process? Do the auditors meet with/talk with workers/subcontractors?

What is the value of EUREPGAP standards for addressing health, safety, and welfare issues?

What is the limitation of EUREPGAP standards for addressing health, safety, and welfare issues?

Are the concerns of farm workers adequately addressed in these standards?

If no, how could these standards be improved to better address these concerns?

What regulations/standards/practices do you think are necessary to address the key issues of concern that you have mentioned?

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