KATHOLIEKE UNIVERSITEIT LEUVEN

ULB UNIVERSITÉ LIBRE DE BRUXELLES

UCL Université catholique de Louvain

Belgian Science Policy Office
belspo

Grant agreement Brain/121/A5
Acronym : FOOD4SUSTAINABILITY
Start date of project: 15/02/2014

Deliverable 4

Mapping and analysis of major market-related collective governance arrangements relying on either participatory certification systems or industry-wide codes of conduct

Contents

D4.1A MAPPING AND ANALYSIS OF MAJOR MARKET-RELATED COLLECTIVE GOVERNANCE ARRANGEMENTS RELYING ON EITHER PARTICIPATORY CERTIFICATION SYSTEMS OR INDUSTRY WIDE CODES OF CONDUCT

Paula Fernandez-Wulff – UCL

1. SUMMARY

The aim of the present document is to map major market-related collective governance arrangements that rely on either participatory certification systems or industry wide codes of conduct. It does so in two sections. In the first section, key concepts used throughout this document are defined in order to clarify their meaning, given that Food4Sustainability is an interdisciplinary project. Secondly, an analysis of major governance arrangements is offered, following a typology based on what actors are behind each governance arrangement: civil society, the food industry, or public institutions. Under each sub-section, specific arrangements are subsequently presented. Civil society market-related arrangements include Participatory Guarantee Systems (PGSs) and the Marine Stewardship Council (MSC). Food industry arrangements include the topic of self-regulation and supermarket schemes to promote local products. Arrangements developed by public institutions focus on the role of AFSCA in encouraging environmental commitments in the food industry in Belgium, the Flemish regional label Streekproduct, and two local government initiatives to promote sustainable agriculture in peri-urban areas.

2. DEFINITIONS

The goal of this section is to provide common definitions to core concepts used in this document, namely "market-related collective arrangements", "participatory certification systems", and "industry-wide codes of conduct".

A) MARKET-RELATED COLLECTIVE ARRANGEMENTS

With the exception of Elinor Ostrom, very few authors have attempted to theorize the concept of 'collective arrangement'. Oftentimes the adjective 'collective' is used interchangeably with 'institutional', and vice versa; the word 'arrangement' is also often used to mean 'agreement'. The expression 'collective arrangement', as such, is used in different contexts and bodies of literature, including peace and security studies,[1] economics,[2] and environmental governance.[3] Among the latter, it is worth noting that the term collective arrangement usually involves social and environmental purposes, rather than purely economic ones.

[1] See for instance, Arie M Kacowicz et al., STABLE PEACE AMONG NATIONS. Rowman & Littlefield Publishers (2000), at p 115.

[2] See for example, MULTIDISCIPLINARY ECONOMICS (Peter de Gijsel & Hans Schenk eds.). Springer (2005), at pp 62-63.

[3] Examples have been found that are related to land and property rights (e.g. Jeremy Burchardt, PARADISE LOST: RURAL IDYLL AND SOCIAL CHANGE SINCE 1800, I.B. Tauris & Co Ltd (2002)); forest management (e.g. Clare Barnes et al., Uniting forest and livelihood outcomes? Analyzing external actor interventions in sustainable livelihoods in a community forest management context, INTERNATIONAL JOURNAL OF THE COMMONS, Vol. 11, No. 532 (2017)); and fisheries' and marine ecosystems' management (e.g. Peter Mackelworth, MARINE TRANSBOUNDARY CONSERVATION AND PROTECTED AREAS. Routledge (2016), at p 280, or Simon Marsden, TRANSBOUNDARY ENVIRONMENTAL GOVERNANCE: INLAND, COASTAL AND MARINE PERSPECTIVES. Routledge (2012), describing arrangements among institutions as collective)

According to Ostrom, institutions are "the prescription (rules of the game) that individuals use to organize all forms of repetitive and structured interactions including those within families, neighborhoods, markets, firms, sports leagues, churches, private associations, and governments at all scales".[4] As a result of this broad definition, the line between institutions and collective arrangements can become very fine. This may indeed explain why the terms 'institutional' and 'collective' are oftentimes used interchangeably. Other authors such as Davis and colleagues, in turn, define institutional arrangement as "an arrangement between economic units that governs the way in which these units can cooperate or compete",[5] thus reducing the actors involved in the concept to economic ones.

In this study, governance arrangements are analyzed in two contexts: (1) institutional arrangements, particularly focusing on collective processes in the institutional development of market standards and labeling; and (2) collective arrangements, specifically collaborative processes among actors operating in transition pathways.

A *collective* is a group of entities (individuals or organizations) that share a common issue or interest, thus being motivated to working together towards achieving a common objective. Because arrangements are generally understood as forms of organizing or setting up an agreement between different parties, an *arrangement* will therefore be inherently positive and generally collective. A *collective arrangement* can be therefore understood as a form of self-organization (not necessarily contractual) by a group of entities with a shared issue or motivation to achieve a common goal. Finally, a *market-related collective arrangement*, for the purposes of this study, will be a form of self-organization (not necessarily contractual) by a group of entities with a shared issue or motivation to achieve a common goal that includes including social, economic, and/or environmental concerns.

B) PARTICIPATORY CERTIFICATION SYSTEMS

The start of the history of the international standardization of commercial products can be traced back to 1947, year of both the creation of the International Standardization Organization (ISO) and the signature of the General Agreement on Tariffs and Trade (GATT) agreement. The ISO was instrumental in the establishment of international standards for the global circulation of commodities, while the GATT was aimed at lowering trade barriers so that global circulation could become a reality.

Since then, certification schemes have never ceased to evolve, from field of applicability, to actors involved. While during the 50's and 60's the motivation of these international organizations was primarily to standardize food safety regulations across countries, environmentalist movements starting in the 70's shifted the focus to more nuanced priorities, including questions such as who defines the standards and based on which criteria. Particularly, the creation in 1972 of the International Federation of Organic Agriculture Movements (IFOAM) and the launch of the first Fairtrade label in the late 80's were instrumental in the creation of a multiplicity of certification and labeling systems from different sources. Since then, public institutions (nation states through the third-party certification model and lower administrative levels such as regions or municipalities) and civil society (with the rise of participatory guarantee systems) have launched different forms of labeling that include environmental and social concerns.[6] In general, as Radomsky and Leal point out,

[4] Elinor Ostrom, UNDERSTANDING INSTITUTIONAL DIVERSITY. Princeton University Press (2005), at p 3.

[5] Lance E Davis, Douglas C North & Calla Smorodin, INSTITUTIONAL CHANGE AND AMERICAN ECONOMIC GROWTH. Cambridge University Press (1971).

[6] For a more detailed account of this evolution see for instance Guilherme F. W. Radomsky & Ondina F. Leal, Ecolabeling as a Sustainability Strategy for Smallholder

participatory certification systems – at least those focusing on ecolabeling – include collective accountability mechanisms as well as participatory inspections by those directly involved, thus blurring the lines between inspectors and inspected.[7]

C) INDUSTRY-WIDE CODES OF CONDUCT

An industry-wide code of conduct can be defined as: "principles, values, standards, or rules of behavior that guide the decisions, procedures and systems of an organization in a way that (a) contributes to the welfare of its key stakeholders, and (b) respects the rights of all constituents affected by its operations".[8]

The start of codes of conduct regarding food safety can be traced back to post-World War II. Particularly in the 1960's, economic recovery began to be felt by the general population, leading among others to higher consumption levels of meat and poultry. Following concerns on food hygiene and food safety, especially due to the exponential increase in international food trade, the idea of having international guidelines for harmonization of food safety standards began to consolidate. Two main processes can be highlighted here: the "Hazard Analysis and Critical Control Points", or HACCP, and the UN FAO/WHO Codex Alimentarius. While the first one is directed at companies' and food businesses' processes, the aim of the Codex Alimentarius is to make recommendations to FAO and WHO member states.

The official launch of HACCP is said to be the 1960's when the US National Aeronautics and Space Administration (NASA) asked one of the largest grain producers in the country to design and manufacture the first foods for space flights .[9] HACCP allows for the auditing of food production practices and is based on seven risk-assessment principles.[10] Although the HACCP was developed by NASA, and was integrated into the Food and Drug Administration (FDA) in the 70's, it is said that the use of HACCP, at least in the United States, was driven by the food industry itself – for instance, McDonald's required all of their suppliers to implement HACCP to ensure the safety of the food sold in their restaurants, and other suppliers followed suit.[11]

The Codex Alimentarius was established in 1963 by the UN Food and Agriculture Organization and the World Health Organization to "create harmonized international food standards to protect the health of consumers and ensure fair trade practices".[12] It is a collection of standards, guidelines and codes of practice adopted by the Codex Alimentarius Commission, which is formed by 188 members (187 member countries and 1 member organization, the EU), and 219 observers (56 IGOs, 147 NGOs, 16 UN agencies). The goal is to provide

Farming? The Emergence of Participatory Certification Systems in Brazil, JOURNAL OF SUSTAINABLE DEVELOPMENT, Vol. 8, No. 6, pp 196-207 (2015).

[7] *Ibid*. at p 197.

[8] This definition was developed by the International Federation of Accountants, in "Defining and Developing an Effective Code of Conduct for Organizations", https://www.iasplus.com/en/binary/ifac/0611conduct.pdf, in Point 2.4 at p 5.

[9] For more information see Karen L Hulebak & Wayne Schlosser, Hazard Analysis and Critical Control Point (HACCP) History and Conceptual Overview, RISK ANALYSIS Vol. 22, No. 3, pp 547–552 (2002).

[10] These principles are: conduct a hazard analysis; identify critical control points; establish critical limits for each critical control point; establish critical control point monitoring requirements; establish corrective actions; establish procedures for ensuring the HACCP system is working as intended; and establish record-keeping procedures. See for more information: https://www.fda.gov/Food/GuidanceRegulation/HACCP/ucm2006801.htm [Note: Unless otherwise specified, all websites were last accessed in November 2017.]

[11] John G. Surak, The Evolution of HACCP. Food Quality & Safety (February 1, 2009). Available at: http://www.foodqualityandsafety.com/article/the-evolution-of-haccp/

[12] World Health Organization, "International food standards (Codex Alimentarius)". Available at: http://www.who.int/foodsafety/areas_work/food-standard/en/

standards to member states, who can use them when formulating national policies and plans regarding food safety and quality.[13]

3. ANALYSIS OF COLLECTIVE GOVERNANCE ARRANGEMENTS

This section is devoted to different examples of collective governance arrangements, developing how the arrangement and its governance structure were built, and, where information was available, how the criteria and practices evolved over time. In this document, examples have been grouped according to which entity initiated or led the process of creation of the arrangement, namely civil society, private companies, or public institutions. This way of classifying arrangements was chosen in the interest of clarity, although it must be acknowledged that arrangements being inherently collective, they are never fully led by a single entity.

A) MARKET-RELATED ARRANGEMENTS LED BY CIVIL SOCIETY

i) Participatory Guarantee Systems

Third-party certifications started to flourish in the 80's and 90's with examples such as ECOCERT[14] or the Organic Crop Improvement Association (OCIA) certification.[15] Participatory Guarantee Systems (PGSs) for organic products were initially conceived as an alternative to these certifications, with the idea that they can be especially adapted to local markets and short supply chains.

The International Federation of Organic Agriculture Movements (IFOAM) defines PGSs as follows: "Participatory Guarantee Systems (PGS) are locally focused quality assurance systems. They certify producers based on active participation of stakeholders and are built on a foundation of trust, social networks and knowledge exchange".[16] It is also said that participation in PGS can empower farmers by basing their activities on long-lasting social processes and connection to their communities.[17]

PGSs are traditionally associated with developing countries, where they began and rapidly expanded. For instance, the Philippines has an estimated number of 10 620 farmers involved in PGSs, Uganda 6 436, and India

[13] Food and Agriculture Organization of the United Nations, "About Codex Alimentarius". Available at: http://www.fao.org/fao-who-codexalimentarius/about-codex/en/

[14] For more information, see http://www.ecocert.com/en

[15] For more information, see http://www.ocia.org/about-ocia

[16] IFOAM Organics International, Participatory Guarantee Systems (PGS). Available at: https://www.ifoam.bio/en/organic-policy-guarantee/participatory-guarantee-systems-pgs

[17] Robert Home, Hervé Bouagnimbeck, Roberto Ugas, Markus Arbenz & Matthias Stolze, Participatory guarantee systems: organic certification to empower farmers and strengthen communities, AGROECOLOGY & SUSTAINABLE FOOD SYSTEMS, Vol. 41, Iss. 5, pp 526-545 (2017).

5 977.[18] However, although numbers are much lower, PGSs are not complete strangers to European countries, with examples having been documented among others in Spain,[19] France,[20] and Italy.[21]

ii) Marine Stewardship Council (MSC)

The Marine Stewardship Council (MSC) was established in 1996 in order to set a standard for sustainable fishing. A team of experts, independent from both the fishery and the MSC, assesses the fisheries who wish to demonstrate they are well-managed and sustainable. Although it was founded by the World Wide Fund for Nature (WWF) and Unilever, it quickly became independent from these organizations, establishing itself as the lead sustainable fishing certification. The standard was developed over two years through a consultative process involving more than 300 expert organizations and individuals around the world. Today, over 12% of the world's marine wild caught fish is MSC certified, with around 300 fisheries in almost 40 countries worldwide are certified to the MSC Standard.[22]

In order to obtain the certification, fisheries must demonstrate that they meet the MSC standard, which is based on three principles: the fishing activity must be at a level which is sustainable for the targeted fish population; fishing operations should be managed to maintain the structure, productivity, function, and diversity of the ecosystem on which the fishery depends; and the fishery must meet all local, national, and international laws and must have a management system in place to respond to changing circumstances and maintain sustainability.[23]

Recent critiques and accusations of conflict of interests within the organization have tainted the reputation and trustworthiness of the label, leading some to believe that the MSC label may be too accessible

[18] Research Institute for Organic Agriculture (FiBL) & IFOAM Organics International, "The World of Organic Agriculture Statistics and Emerging Trends 2015". Available at: http://www.sinab.it/sites/default/files/The%20World%20of%20Organic%20Agriculture%20-%20Statistic%20%26%20Emerging%20Trends%20-%202015.pdf, at p 136.

[19] José Ignacio Gómez, Carolina Yacamán & Alberto Navarro (Heliconia s.coop. mad y Fundación Biodiversidad), "El Mercado de la Custodia Agraria: Una propuesta para la certificación de los acuerdos de custodia del territorio". Available at: http://custodia-territorio.es/sites/default/files/recursos/guia-el_mercado_de_la_custodia_agraria_paginas_96.pdf; Mamen Cuéllar-Padilla & Ángel Calle-Collado, Can we find solutions with people? Participatory action research with small organic producers in Andalusia, JOURNAL OF RURAL STUDIES, Vol. 27, Iss. 4, pp 372-383 (2011).

[20] Fondation Nicolas Hulot, « Les Systèmes Participatifs de Garantie », VEILLE ET PROPOSITIONS no. 21 (2015). Available at: http://www.fondation-nature-homme.org/sites/default/files/publications/150215_vp21-systemes-participatifs-garantie.pdf; Hervé Bouagnimbeck, "The Global Comparative Study on Interactions Between Processes and Participatory Guarantee Systems", (2014). Available at: https://www.ifoam.bio/sites/default/files/global_study_on_interactions_between_social_processes_and_participatory_guarantee_systems.pdf, at p 27.

[21] Alessandro Triantafyllidis & Livia Ortolani, La certificazione partecipativa in agricoltura biologica, AGRIREGIONIEUROPA Vol. 9 No. 32, pp 45 (2013). Available at: https://agriregionieuropa.univpm.it/it/content/article/31/32/la-certificazione-partecipativa-agricoltura-biologica

[22] Paragraph based on the history of the MSC certification as referenced in: http://20-years.msc.org/

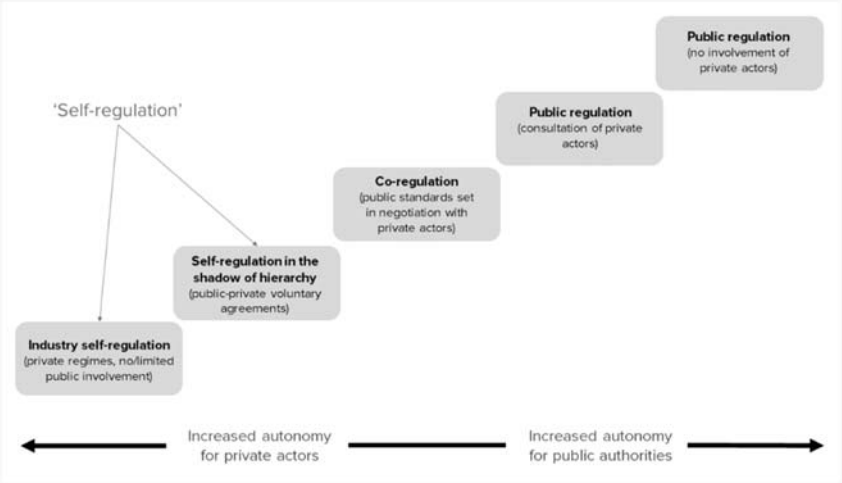
[23] MSC Standards, available at: https://www.msc.org/about-us/standards/fisheries-standard/msc-environmental-standard-for-sustainable-fishing

to unsustainable fishing operations, thus rewarding fisheries that are actually depleting already overexploited stocks, such as those of yellow tuna or skipjack tuna.[24]

B) MARKET-RELATED ARRANGEMENTS LED BY PRIVATE COMPANIES

i) Food Industry Self-Regulation

Self-regulatory practice by private companies (more generally known as 'industry self-regulation' or 'non-statutory regulation') is a regulatory process whereby an industry-level organization sets reference standards or codes of practice relating to the conduct of firms in the industry.[25]

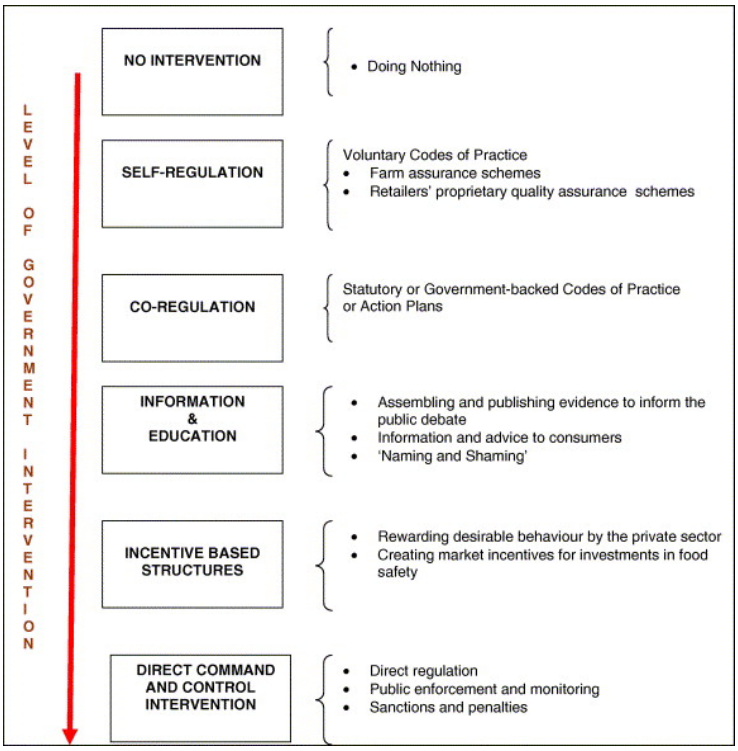


Self-regulation among over governance options by the European Public Health Alliance (2016)[26]

[24] Le Monde, "Polémique autour du label « pêche durable »" (November 30, 2016). http://www.lemonde.fr/planete/article/2016/11/30/polemique-autour-du-label-peche-durable_5040914_3244.html; The Times, "Fishing's blue tick benchmark tainted by 'conflict of interest'" (November 26, 2016). https://www.thetimes.co.uk/article/fishings-blue-tick-benchmark-tainted-by-conflict-of-interest-3qrsr5w0k

[25] Neil Gunningham & Joseph Rees, Industry Self-Regulation: An Institutional Perspective. LAW & POLICY, Vol. 19 pp 363–414 (1997).

[26] European Public Health Alliance, "Self-Regulation: a False Promise for Public Health?" Briefing paper I (December 2016). Available at: https://epha.org/wp-content/uploads/2016/12/Self-Regulation-a-False-Promise-for-Public-Health_EPHA_12.2016.pdf, at p 2, in turn adapted from Tanja A. Börzel and Thomas Risse, Public-Private Partnerships: Effective and Legitimate Tools of International Governance? (2002)



Levels of government intervention by Marian Garcia Martinez et al. (2007)[27]

Self-regulation, in contrast to statutory regulation, "is voluntary and is typically framed as a socially responsible industry practice that has consumer welfare as its central feature."[28] Motivations to appeal to or engage with self-regulation can come from a variety of sources, but they can be grouped into proactive and reactive motivations. Proactive motivations can include fear of excessive government intervention, shortage of statutory tools, and fear of litigation and other actions that could affect sales. Reactive motivations can include disasters related to the environment (e.g. oil spills or nuclear accidents), visibility of and public concerns regarding sustainability issues (e.g. deforestation or fish stocks' overexploitation), and public health concerns (e.g. tobacco, alcohol, or fashion). These motivations, among others, can lead private companies to publicly promise or engage in self-regulation, with higher or lower degrees of effectiveness.

The debate around the effectiveness of industry self-regulation is largely tied to that of the role of the government in regulating firms' actions in the market. Generally speaking, proponents of high levels of government intervention in the market will often highlight the ineffectiveness of industry self-regulation, adducing the inability for self-interested economic actors to monitor their own ethics, particularly as this may incentivize concealing the ethical or unethical *appearance* of their actions as opposed to their ethical or unethical *nature*. Proponents of low levels of government intervention in the market will in turn posit that industry self-regulation decreases government costs and increases industry compliance, restricting the role of the government to monitoring and supervising said compliance. However, a closer look into these debates

[27] Marian Garcia Martinez, Andrew Fearne, Julie A. Caswell, & Spencer Henson, Co-regulation as a possible model for food safety governance: Opportunities for public–private partnerships, FOOD POLICY, Vol. 32, pp 299–314 (2007).

[28] Lisa L. Sharma, Stephen P. Teret, & Kelly D. Brownell, The Food Industry and Self-Regulation: Standards to Promote Success and to Avoid Public Health Failures, AMERICAN JOURNAL OF PUBLIC HEALTH Vol. 100, No.2, pp 240–246 (2010), at p 242.

quickly yields more nuanced results – arguments for and against industry self-regulation are largely based on research on the effectiveness of self-regulation in specific industry sectors.

An example of this is the industry of alcoholic beverages. While this industry has a long history of self-regulation[29] proponents, it has also been heavily criticized for public health reasons. The European Commission, for instance, has been a strong proponent of industry self-regulation in the alcohol sector,[30] as has also done the industry group European Advertising Standards Alliance.[31] This contrasts with the strong opposition to industry self-regulation by civil society groups,[32] and strong questioning by recent scientific research on the matter.[33]

In the food industry itself, self-regulation has also had both proponents and detractors.[34] In the interest of space and clarity, the remainder of this section will focus on self-regulation in food-related marketing and advertisements.

Much research has been produced establishing links between obesity and marketing and advertisements, particularly when messages are directed at children and they are related to sugary and processed foods and beverages. Translating this issue into policy-making is an extremely complex endeavor, raising questions of whether, and if so how, regulations should restrict marketing strategies and advertisements targeting children, and based on what criteria, e.g. which advertisements, appearing on which media and at what time, targeting what age ranges, etc. As a result of this complexity, industry self-regulation has been proposed as a solution. Proponents of industry self-regulation as a solution argue that the role of the government should be to support self-regulation through monitoring and supervising only.[35]

In 2007, an industry self-regulation initiative was launched on this topic in collaboration with the European Commission. The "EU Pledge" is "a voluntary initiative by leading food and beverage companies to change food and beverage advertising to children under the age of twelve in the European Union."[36] The pledge itself is said

[29] For more information on the state of the alcohol industry self-regulation in the EU, see: Linda Wilks, Ross Gordon, Douglas Eadie & Susan MacAskill, Report prepared for the European Commission DG SANCO, "Self-Regulation. Mapping Exercise Report", 40 pp (July 2009). Available at:

https://ec.europa.eu/health/archive/ph_determinants/life_style/alcohol/forum/docs/regulation_en.pdf; National Foundation for Alcohol Prevention in the Netherlands (STAP) "Alcohol Marketing in Europe: Strengthening Regulation to Protect Young People", 13 pp (2007). Available at: http://ec.europa.eu/health/ph_projects/2004/action3/docs/2004_3_16_frep_a6_en.pdf

[30] See, for example, the Commission's answer to a parliamentary question, inviting industry proposals for self-regulation in the sector of alcoholic beverages: http://www.europarl.europa.eu/sides/getAllAnswers.do?reference=E-2017-004762&language=EN

[31] Statement from EASA's website: "Ensuring responsible marketing communications for alcohol beverages has been a long-standing priority for EASA's self-regulatory network. While rejecting suggestions of a causal link between advertising for alcohol drinks and alcohol-related social problems, the alcohol beverage industry recognises the need for social responsibility in the sphere of commercial communications." Available at: http://www.easa-alliance.org/issues/alcohol

[32] See, for instance, the press release issued by the civil society group European Alcohol Policy Alliance: http://www.eurocare.org/media_centre/press_releases/self_regulation_is_no_an_answer#_ftn2

[33] Jonathan Noel, Zita Lazzarini, Katherine Robaina, & Alan Vendrame, Alcohol industry self-regulation: who is it really protecting?. ADDICTION, Vol. 112, pp 57–63 (2017).

[34] An example of a sector where self-regulation has been considered successful by the European Commission is the fruit juice sector, mentioned in the 2008 EC "Green paper on agricultural product quality: product standards, farming requirements and quality schemes", available at: http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52008DC0641&from=FR. Moreover, the Commission Directive 2009/106/EC of 14 August 2009, amending Council Directive 2001/112/EC relating to fruit juices and certain similar products intended for human consumption, affirms that: "The AIJN [European Fruit Juice Association] Code of Practice establishes quality factors for fruit juice from concentrate and is internationally used as a reference standard for self-regulation in the fruit juice industry". The reason the AIJN states for self-regulation is that "The EU Fruit Juice Directive neither contains characteristics of the defined products nor analytical methods necessary for the control of the composition" (Martin Greeve Chairman, A.I.J.N. Code of Practice Expert Group, "Industrial Self-Regulation in the fruit juice industry. AIJN Codes and guidelines". Regional Workshop on Fruit and Vegetable processing in the EU Belgrade, Republic of Serbia 23-24 September 2009. Available at: http://www.pks.rs/SADRZAJ/Files/Biro%20za%20saradnju%20sa%20EU/industrial%20self-regulation%20in%20the%20fruit%20juice%20industry-aijncodes%20and%20guidelines.pdf

[35] Mamoru Miyamoto & Yayoi Tanaka, Food Industry Self-Regulation and the Role of the Government, INTERNATIONAL JOURNAL OF MARKETING STUDIES, Vol. 7, No. 4 (2015).

[36] As referenced in the initiative's website http://www.eu-pledge.eu/content/about-eu-pledge

to consist of two main commitments: "no advertising for food and beverage products to children under the age of twelve on TV, print and internet, except for products which fulfil common nutritional criteria"; and "no communication related to products in primary schools, except where specifically requested by, or agreed with, the school administration for educational purposes".[37] However, a study investigating whether the signatory companies were refraining from marketing food products high in fat, sugar, and salt to children showed that, of 281 identified child-marketed products, only 29 met the WHO's nutritional criteria for the use of child-directed food marketing[38] – criteria referred to as "common nutritional criteria" in the second EU Pledge commitment mentioned above.

ii) Market-related Arrangements led by Private Companies: Supermarket Schemes to Promote Local Products. The example of *Filière Qualité Carrefour*

The French supermarket Carrefour launched a strategy called "Filière Qualité Carrefour" (FQC) in 1992, initially devoted to specifically label meat from Normandy. The idea behind the concept was to buy sustainably-produced products from local producers at a fair price and through a 3-year partnership commitment. According to the supermarket group, each *filière* has their own technical specifications that include quality, social, and environmental requirements, which are expected to be met by every level of the food chain and are controlled by independent organisms.[39]

One of the main challenges that tend to characterize labels and strategies led by the food industry is the lack of an organized producer counterpart capable of negotiating contract conditions on equal footing. For this reason, among others, the French public organism "Institut National de l'Origine et de la Qualité" (INAO) is "responsible for the implementation of policies on official signs of identification of the origin and quality of agricultural and food products". This includes labels such as *appellation d'origine contrôlée* (AOC), protected designation of origin (PDO), protected geographical indication (PGI), traditional specialty guaranteed (TSG), label rouge (LR), and organic farming (AB).[40]

In February 2014, the firm decided to change its strategy name from "l'Engagement Qualité Carrefour" to "Origine et Qualité".[41] Because Carrefour "imposes producers a set of technical specifications and controls chain operations",[42] and it included under this strategy both officially labelled and unlabeled products, INAO filed a lawsuit against Carrefour for "usurpation of notoriety", positing that the use of the new expression could lead

[37] *Ibid*.

[38] Oliver Huizinga & Michaela Kruse, Food industry self-regulation scheme "EU Pledge" cannot prevent the marketing of unhealthy foods to children, OBESITY MEDICINE Vol. 1, pp 24–28 (2016), doi:10.1016/j.obmed.2016.01.004. For more information on this debate, see http://www.decideum.com/the-eu-policy-perspective-issue-7-a-review-of-food-market-regulation/ . Other publications with similar arguments include European Public Health Alliance, "Self-Regulation: a False Promise for Public Health?" Briefing paper I (December 2016): "Evidence consistently shows that self-regulation fails to deliver benefits for public health" (p 3), available at: https://epha.org/wp-content/uploads/2016/12/Self-Regulation-a-False-Promise-for-Public-Health_EPHA_12.2016.pdf; as well as Martin Caraher & Ivan Perry, Sugar, salt, and the limits of self-regulation in the food industry, 357 BMJ j1709 (2017).

[39] As referenced in http://www.carrefour.com/fr/content/favoriser-la-biodiversite-en-mangeant-du-miel-agroecologie

[40] As referenced in https://www.inao.gouv.fr/eng/The-National-Institute-of-origin-and-quality-Institut-national-de-l-origine-et-de-la-qualite-INAO

[41] LSA Commerce et Consommation, « Découvrez "Origine & Qualité", la nouvelle identité des filières Carrefour » (February 11, 2014). Available at: https://www.lsa-conso.fr/decouvrez-origine-qualite-la-nouvelle-identite-des-filieres-carrefour,162535

[42] Marc Vandercammen & Nelly Jospin-Pernet, LA DISTRIBUTION. PERSPECTIVES MARKETING. De Boeck Supérieur (2010) (own translation, at p 128).

to widespread consumer confusion, and that this would be unfair for officially labelled products whose producers have to wait close to ten years to obtain the label.[43] As a result, Carrefour has been accused of using the FQC label as a strategy to label products at the distributor level, and not at the producer level, thus inflating prices paid by consumers but not reflecting this premium on the price paid to the producer.[44] After a few months of negotiations, Carrefour decided to go back to its original "Filière Qualité" label and INAO dropped the lawsuit.[45]

Today, there are over 20 000 producers involved in this strategy,[46] and out of the over 550 *filières*, 6 are now in Belgium (devoted to each of the following products: *fromage de Herve*, *fromage d'abbaye*, *porc d'antan*, *jambon braisé*, *viande blauwe van vlaanderen* and *moules de Zélande*).[47]

C) CERTIFICATION SYSTEMS INITIATED BY PUBLIC INSTITUTIONS

1. The Role of AFSCA in Encouraging Environmental Commitments in the Food Industry in Belgium

AFSCA is the Belgian Federal Agency for Food Chain Safety (*Agence Fédérale pour la Sécurité de la Chaîne Alimentaire*). It was created in 2000, under the Ministry of Social Affairs and Public Health, as well as that of Middle Classes, SMEs, Self-employed, Agriculture and Social Integration.[48] The role of AFSCA is "to evaluate and manage risks likely to affect consumers' health and animal and plant health, and to control food safety all along the food chain".[49] The federal agency has the following duties:[50]

- Control and analysis of foodstuffs and other products present at every step of the food chain
- Delivery of licenses and permits for certain activities in the food chain
- Implementation of a traceability and identification system for foodstuffs all along the food chain
- Research and production of scientific reports on risk evaluation and management strategies regarding the food chain
- Information and communication to the general public on food safety

Regarding environmental protection, one of the main challenges cited by the federal agency is that AFSCA does not have jurisdiction over many areas related to the environment itself. For instance, the federal agency is not in charge of supervising the respect of animal wellbeing in slaughterhouses, a competence that now belongs

[43] Sudouest, « Origine et qualité : L'Inao dépose plainte contre Carrefour » (May 7, 2014). Available at: http://www.sudouest.fr/2014/05/07/origine-et-qualite-l-inao-depose-plainte-contre-carrefour-1546592-713.php

[44] L'Humanité, « Ce que cachent les labels Carrefour » (May 29, 2014). Available at: https://humanite.fr/ce-que-cachent-les-labels-carrefour-538583

[45] LSA Commerce et Consommation, « Carrefour renonce à sa marque "Origine et qualité" » (July 7, 2014). Available at: https://www.lsa-conso.fr/carrefour-renonce-a-sa-marque-origine-et-qualite,179716

[46] Philippe Aurier & Lucie Sirieix, MARKETING DE L'AGROALIMENTAIRE - 3E ED.: ENVIRONNEMENT, STRATEGIES ET PLANS D'ACTION. Dunod, 372 pp (2016).

[47] As referenced in http://www.carrefour.com/fr/content/favoriser-la-biodiversite-en-mangeant-du-miel-agroecologie

[48] As decided in the Ministers' Council meeting of October 23, 2014. Available at: http://www.lachambre.be/kvvcr/pdf_sections/newsletter/54-006-ministers01F.pdf

[49] As reported in http://www.afsca.be/rapportactivites/2016/afsca/organisation/ (own translation.)

[50] Service Public de Wallonie & CERES (Centre d'Enseignement et de Recherche pour l'Environnement et la Santé, University of Liège), « Alimentation et environnement », p 23. Available at: http://environnement.wallonie.be/publi/education/alimentation_environnement.pdf

to Belgian regions and not to the federal government.[51] Another example is pesticides and fertilizers – AFSCA is responsible for granting permits and licenses to companies and laboratories, and controlling that regulations are respected, but it is the Federal Agency for Public Health, Food Chain Security and Environment (SPF SSCE) the one that actually writes those regulations, and it would be up to the regions to develop environmental protection policies on this matter.[52] Regarding the control of the presence of these fertilizers in products for human consumption, AFSCA is in charge of ensuring that toxic or endocrine-disrupting substances, including carcinogenic chemicals (e.g. arsenic, lead, PCB, HAP, and other dioxins) are absent or under the allowed threshold in controlled foodstuffs and feed,[53] but this does not include the reduction of fertilizers in the environment. For instance, while AFSCA is one of the reporting agencies in the Program for Pesticide and Biocide Reduction, its role is limited to traceability and control of agricultural pesticide residues in foodstuffs, and the ratio of authors from SPF SSCE and AFSCA in its report represents additional evidence of this.[54]

One of the current challenges AFSCA faces is that it needs to develop regulations that are adapted to both large and small operations. Regarding the latter, recent developments in the food system, including the trend towards localization and trust-based food systems, have led to increased controversiality of the role of the federal agency. On the one hand, AFSCA has been criticized by different civil society groups for its inability or unwillingness to adapt regulations, particularly food safety inspections, to small producers.[55] On the other hand, the agency has also been praised for its decision to not include consumer groups (such as community-supported agriculture groups, GAC) in the list of organizations that have to register with the agency.[56] However, none of these actions regarding small food businesses relate to environmental protection commitments.

Regarding larger food operations, AFSCA favors the principle of self-regulation or self-control of food business operators – this mission is developed in different legislative measures and regulations.[57] The implementation of these self-regulation systems can be summarized in the following chart:

[51] AFSCA, Communiqué de Presse « Mise au point sur les responsabilités et compétences des autorités de contrôle dans les abattoirs en Belgique » (March 27, 2017). Available at: http://www.afsca.be/communiquesdepresse/2017/2017-03-27.asp .

[52] See for a full description of the division of powers on this topic: http://fytoweb.be/fr/engrais/nos-competences, as well as Comité Régional PHYTO, « Législations relatives à l'utilisation des pesticides à usage agricole en agriculture : Ce que le producteur doit savoir » (July 2011), available at: http://crphyto.be/sites/default/files/pdf/guide_agriculteurs_2011.pdf

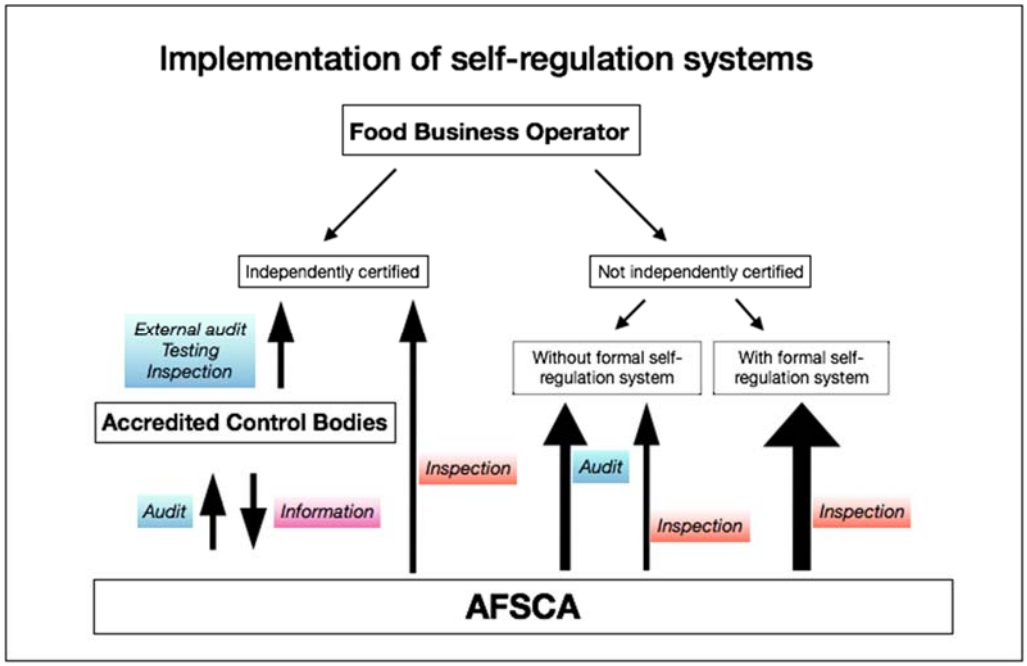
[53] SPF SSCE, « Deuxième rapport fédéral en matière d'environnement, Partie 2 : les autres politiques fédérales environnementales, (2015), pp 136-138. Latest report published by the federal agency, available at: https://www.health.belgium.be/sites/default/files/uploads/fields/fpshealth_theme_file/19103856/Rapport%20f%C3%A9d%C3%A9ral%20environnement%20-%20RFE%20--%202015.pdf

[54] SPF SSCE, « Rapport de clôture du Programme de Réduction des Pesticides et des Biocides, 2005-2012 », see traceability in p 9 and control of agricultural pesticide residues in p 11-12, p 35. Available at: http://fytoweb.be/sites/default/files/content/reduction/rapport_final_du_prpb_2005_-_2012.pdf

[55] See, for instance : Kairos « AFSCA : des normes sanitaires pas normales du tout » (December 1, 2016), available at: http://www.kairospresse.be/article/afsca-des-normes-sanitaires-pas-normales-du-tout ; or the response from civil society to the closing of an Herve cheese producing facility by AFSCA: Le Soir "« Sauvons le fromage de Herve », la pétition en ligne qui cartonne" (June 12, 2016), available at: http://www.lesoir.be/938/article/2015-06-12/sauvons-le-fromage-de-herve-la-petition-en-ligne-qui-cartonne

[56] RTBF, « Les groupes d'achats alimentaires ne devront pas s'enregistrer auprès de l'Afsca » (November 23, 2016). Available at: https://www.rtbf.be/info/belgique/detail_les-groupes-d-achats-alimentaires-ne-devront-pas-s-enregistrer-aupres-de-l-afsca?id=9462526

[57] For the list of applicable regulations, see: http://www.afsca.be/professionnels/autocontrole/legislation/



Source: Adapted from AFSCA (2010)[58]

These controls have been criticized by the Court of Auditors, on the grounds that criteria set forth by the EU for determining the frequency of inspections are not applied systematically by AFSCA, among other objections.[59] The reality remains, however, that these AFSCA self-regulation systems for the food industry relate to issues such as food hygiene, traceability, and labeling, but not environmental protection.

ii) Other Institutional Certification Systems

Three institutional efforts can be cited as examples of certification systems at the sub-national level.

Created in 1999, the Flemish label *Streekproduct* was launched by the NPO VLAM (Vlaams Centrum voor Agro- en Visserijmarketing) to make local, artisanal food products made in Flanders more recognizable by consumers.[60] Critically, this logo does not reflect quality in any way, as this would go against other quality-focused official controls. Products must instead match the following five criteria:[61] Products must be made with regional raw materials and/or raw materials that could be considered as regional; products must be generally accepted by the population as regional; products must be prepared according to traditional

[58] AFSCA, Herman Diricks Director-general Control Policy "The implementation of self-checking systems in Belgium" (2010). Available at: http://www.favv-afsca.be/selfcheckingsystems/presentations/_documents/2.ACS-20101117v6HermanDiricks.pdf; see also http://www.afsca.be/businessplan-fr/2015-2017/introduction/#autocontrole

[59] Cour des Comptes, « Autocontrôle des opérateurs de la chaîne alimentaire Encadrement par l'Afsca, Rapport de la Cour des comptes transmis à la Chambre des représentants » (February, 2017). Available at: https://www.ccrek.be/Docs/2017_05_AutocontroleOperateursChaineAlimentaire.pdf; and the response issued by AFSCA to this report, http://www.afsca.be/communiquesdepresse/2017/2017-03-02.asp

[60] Teresa de Noronha Vaz & Peter Nijkamp, TRADITIONAL FOOD PRODUCTION AND RURAL SUSTAINABLE DEVELOPMENT: A EUROPEAN CHALLENGE. Routledge (2016), p 241.

[61] VLAM, "Zeg nooit zo maar 'streekproduct' tegen een 'traditioneel streekproduct'", p 1 (2010). Available at: https://www.vlam.be/public/uploads/files/feiten_en_cijfers/bistro/samenvatting_kwalitatief_onderzoek_streek_2010_.pdf

methods; regional products sold as such cannot be produced in a different region; and products must have existed for a minimum of 25 years.

Constituted in 2013, the association *Città del Bio* brings together a number of Italian municipalities and other sub-national government bodies into a network aimed at promoting organic farming as a cultural project.[62] Its main achievement has been the creation of two 'bio-districts', and the support another three 'bio-districts' launched in collaboration with other organizations. A 'bio-district' is a term used to describe a territorial governance scheme where different public administrations, business, associations, and consumers work together in a specific territory in Italy in order to protect the landscape and environment through organic and sustainable farming activities. It builds on other sustainable agricultural and tourism labels and certifications, both regional and at the EU level, to promote the produce grown in the bio-district.[63]

Another example of institutional work on the topic of local agriculture is the Spanish city of Zaragoza. Located in an otherwise semi-arid climate, the city is situated at the crossroads of three rivers: Ebro (one of the largest in the country), Gállego, and Huerva. The presence of these rivers meant the peri-urban area of Zaragoza was historically known for its high-quality produce. However, while self-sufficiency rates for the city were high in the past centuries, the use of land for feed (particularly corn and alfalfa) and rapid urban growth led to the progressive abandonment or replacement of agricultural lands, and to the need to bring most fruits and vegetables from other regions.[64] Starting from this diagnosis, the local government decided to launch an initiative to recover nearby peri-urban land and agricultural knowledge, create agricultural jobs, and improve agrobiodiversity levels.[65] This initiative led to the creation of the labels *Huerta de Zaragoza*, for local agricultural products, and *Huerta de Zaragoza Agroecológica*, for certified (or transitional) organic products. The label was approved by a local ordinance passed in June 2017: it can be used by farms, stores, restaurants, or events for fruits and vegetables produced within approximately 20 km and distributed through short chain arrangements or direct sales; for the label "Huerta de Zaragoza Agroecológica", the producer needs to additionally be organically certified and prove that 5% of the farm is devoted to favoring biodiversity.[66]

[62] Città del Bio, "Who are We?" Available at: http://www.cittadelbio.it/pdf/1_Who%20we%20are.pdf

[63] For more information on the individual bio-districts: http://www.cittadelbio.it/cosa-facciamo/promozione-biodistretti

[64] Ayuntamiento de Zaragoza, "Huertas LIFE Km0 Project & Results". Available at:

http://www.zaragoza.es/contenidos/medioambiente/huertas/ResumenProyecto_WEB_ING.pdf

[65] Ayuntamiento de Zaragoza, "Sembrar el futuro de la agroecología en las ciudades LIFE / Sowing the future of agroecology in cities. Informe Layman / Layman's Report" (bilingual document) (February 2017). Available at: http://www.zaragoza.es/contenidos/medioambiente/huertas/Informe-Layman.pdf

[66] Ayuntamiento de Zaragoza, "Ordenanza para el Uso y Gestión de la Marca "Huerta De Zaragoza"" (June 26, 2017), see Article 7. Available at: http://www.zaragoza.es/ciudad/medioambiente/huertas/detalle_Normativa?id=7903