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#### Review

# Governing China's food quality through transparency: A review



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#### ABSTRACT

In coping with food quality problems, China relies heavily on state institutions, such as laws and regulations, governmental standards and certification, and inspections and enforcement. Recently, transparency (or information disclosure) has been introduced in China's governance framework to cope with its growing food quality and related sustainability problems. This article investigates to what extent and how China's transparency institutions and practices regarding food production and products play a role in governing food quality and safety. Four forms of food chain transparency are distinguished and assessed: management transparency, regulatory transparency, consumer transparency and public transparency. It is concluded that in China food chain transparency is still in its infancy with respect to governing domestic food production and product quality and safety, and that only with respect to global (export) food chains transparency and accountability put some pressure on agro-food chain actors to improve their performance with respect to food quality and sustainability. By the same token furthering transparency on food quality is desperately needed as the state's food management and control system alone proves not capable to provide safe food that is credible and trusted by domestic consumers.

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#### 1. Introduction

Over the past two decades China has been confronted with an increasing number of reported food quality incidents, related to domestic as well as to international markets. Some of the most well-known are melamine in domestic baby milk, waste oil resold as cooking oil, significant pesticides residues in wine (Yang, 2013),

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aguaculture products that exceed EU and US heavy metal and pesticide standards (Roth, Tsay, Pullman, & Gray, 2008), high levels of hormones in meat, and large concentrations of pesticides on fresh vegetables. In 2007 Xinhua News Agency reported that over a six months period more than 60,000 fake food cases had been reported, more than 15,500 tons of substandard food was confiscated and 180 food manufacturers were caught making substandard food or using inedible materials for food production (quoted in Veeck. Yu, & Burns, 2010: 223). These food quality problems directly relate to human health via food intake, and indirectly affect human health through the degradation of the quality of (rural) life where (ingredients of) food is being produced and processed. The intensification of China's agricultural and food production has affected rural life through among others non-point source pollution (nutrients, pesticides, pharmaceuticals), point source pollution by intensive fish/livestock farms and (often small; Xue & Revell, 2009) pesticides and food processing industries (He, Zhang, Mol, & Lu, 2014), land degradation, and excessive water extraction. As a consequence, China faces food quality and rural environmental sustainability crises, experiences major economic losses (among others through export bans, food poisoning, lost productivity of agricultural land, high chemical inputs in crop production) and witnesses low international but also domestic public and consumer trust in China's food production system (Chen, 2013; Cheng, 2012; China Customer Association, 2006; Grunert et al., 2011; Yamei et al., 2008; Zhejiang Consumer Association, 2009).

#### 1.1. China's changing food system

China's food system has changed over the past two and a half decades "from a predominantly state-regulated food system that was bounded by season, location and traditional taste to a much expanded food supply that offers larger quantity and variety year round and is increasingly exposed to global market forces" (Veeck et al., 2010: 222). The deregulation of agricultural production, the privatization of processing and trading, the production for export markets, as well as the entering of hypermarkets and other foreign direct investments in China's food system have dramatically changed the food system and its environmental and health profile, for consumers and primary producers alike. While in the past. freshness, safety and quality of food was assessed through physical inspection of food by consumers based on simple rules and markers, today's food system in China requires more advanced assessment institutions. Triggered by the changing nature of its food system, the 2001 membership to the WTO, a mounting political agenda of food quality and rural quality of life, and an increased market demand for safe, nutritious and sustainably produced food by a small but growing number of domestic consumers<sup>2</sup> China is currently developing, strengthening and implementing institutions to cope with these quality and sustainability challenges.

Two types of new institutional developments can be distinguished. First, since the 1990s the Chinese state authorities have been and still are strengthening their food safety system through an expansion of quality standards, control systems, laws and regulations; upgrading inspection and enforcement institutions; clearer separation and definition of responsibilities between state

organizations responsible for production and those responsible for environmental sustainability and food quality/safety; and a more stringent punishment regime. Most of these institutional developments rely heavily on state authorities in their development, implementation and sanctioning. So China has a new 2009 Food Safety Law (replacing the Food Sanitation Law; Pagnattaro, 2010), other related basic laws, subordinate laws and regulations, and provincial regulations (Jia & Jukes, 2013; pp. 237–239); a complex system of food control management, monitoring and inspection at different levels (Jia & Jukes, 2013); and various brands of certified hazard-free, green and even organic food (Yamei et al., 2008). The overall coordination is with the Ministry of Health, while partial responsibilities are with the Ministry of Agriculture (for edible agricultural products), the Administration of Quality, Supervision, Inspection and Quarantine Department AQSIQ (for food production/manufacturing), the Industry and Commerce Department (for distribution and retail), and the State Food and Drug Administration (for catering and restaurants). A system of environmental laws (with the core environmental framework law under revision; He, Mol, Zhang, Lu (2013), He, Zhang, Mol, Lu, Liu (2013) and implementing organizations at various government levels govern rural environmental quality. These mainstream public food quality and environmental institutions have been only partially successful up till now in containing quality and sustainability problems in food production and products. Second, the birth of new private, market institutions and governance arrangements can be witnessed which (aim to) cope in various ways with the quality of food products and production. Food chain actors develop various voluntary private governance systems and institutions to address food quality and sustainability demands and worries of (domestic and international) customers, consumers, the public and state agencies. Examples are corporate social responsibility systems, private or third party food standards and certification systems, and value chain information systems. Often these public and private institutions are related and linked, and mutually condition, support and strengthen each other.

#### 1.2. Transparency in food systems

In advanced market economies one of the most recent innovations in these public and private governance institutions for quality and sustainability in food products and production has been the development of transparency regimes. Transparency, loosely defined as the disclosure of information, has been developed and implemented in food systems in OECD countries to (i) govern the quality and sustainability of agro-food, and (ii) to increase public accountability and consumer trust in food products, production and provisioning. Transparency thus involves the disclosure of information that was earlier monopolized by (public and private) food producers/traders, which becomes now available for, among others. regulatory/inspection agencies, consumers and the wider public. For a long time, advanced transparency regimes were largely impossible in China-in general as well as in relation to food safety and sustainability. This was mainly because of the less technically and organizationally advanced nature of food information and monitoring systems; low interests in and importance and priority given to sustainability and quality of food by public and private actors; an logic of information distortion between different government levels and agencies and an absence of information verification; and limited participation of independent (organized) consumers and citizens in information disclosure. These circumstances seems to be changing somewhat lately in China, illustrated for instance by issuing the 2008 Open Information Regulation (Zhang L., Mol, He, & Lu, 2010), the rapid implementation of online real-time air quality information disclosure in over 130 Chinese

<sup>&</sup>lt;sup>1</sup> Xue and Zhang (2013) show that the large majority of reported incidents of acute foodborne illness in China are related to bacteria (53.3%), man-made chemicals (25.8%, especially nitrite and pesticides) and plant toxin (7.8%, especially PHA).

<sup>&</sup>lt;sup>2</sup> Especially among middle class families with young children, families with health problems, overseas returnees and foreigners (also from Taipei and Hong Kong), and young and white collar workers (ITC, 2011; Shi et al., 2011a).

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