



# Quality regimes in agro-food industries: A regulation theory reading of Fair Trade wine in Argentina



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## ABSTRACT

In this article, we examine the transformative potential of changing quality regimes in agro-food industries through the analysis of whether Fair Trade wine in Argentina provides a meaningful economic alternative that goes beyond the impact it has on direct beneficiaries. The wine sector has a long history in valorizing a variety of quality dimensions, and has developed one of the most complex and sophisticated quality infrastructures, making it an ideal terrain of analysis. Furthermore, it is going through a major process of restructuring in which the battle-lines are drawn along the application, challenge and re-interpretation of different quality content. Through the lenses of a sector-adjusted version of regulation theory, we show that the Fair Trade wine sector does not substantially deviate from the conventional wine economy in Argentina. Instead of empowering the most vulnerable groups, those producing table wine for the domestic market, Fair Trade is actually further marginalizing them.

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## 1. Introduction

Fair Trade products have become an important segment of the agro-food industry. The total value of sales has increased dramatically in the past decade or so, from €831 million in 2004 to €4.8 billion in 2012 (Fairtrade Labelling Organizations International, 2005; Fair Trade International, 2013). The Fairtrade Foundation has affirmed that it 'provides a genuine alternative, a means of ensuring that growers benefit as they should from their crops' (Fairtrade Foundation, 2002:13). A deep commitment to the socio-economic sustainability of producers and better terms of international trade are the principles that have guided the architecture of this self-proclaimed alternative economic project.

The now very large literature on Fair Trade shows diverse and complex, but generally positive, social and economic outcomes on farmers' organizations, local livelihoods and adjacent communities in the Global South (Bacon, 2005; Daviron and Ponte, 2005; Reynolds et al., 2007; Le Mare, 2008). But the growth and commercial importance of Fair Trade products relies on mainstream retail, thus casting doubts on whether it can be considered an authentic alternative. This issue has been widely debated from a

variety of perspectives in the literature. One of the approaches in this debate has been to classify Fair Trade as a new dimension of product quality, to reflect on struggles over its 'civic' or 'ethical' content, and to judge these struggles as for or against a contemporary capitalist project. This project is said to be striving not only to 'commodify' new product qualities but also information about them – what Freidberg (2003, 2004) termed 'double fetishism'. These problematic dynamics are said to hollow out Fair Trade and other sustainability labels (among many others, see Barrientos et al., 2007; Dolan, 2010; Reynolds, 2002, 2009, 2012; Reynolds et al., 2007; Renard, 2003; Rosin and Campbell, 2009), and call into question the role of ethical consumption in facilitating socio-economic change (Goodman, 2004, 2010).

Wine has been one of the flagship products in discussions over the past and current transformations of quality regimes in the agro-food industry. It has a long history in valorizing a variety of quality dimensions, and one of the most complex and sophisticated 'quality infrastructures'. Furthermore, it is going through a major process of restructuring in which the battle-lines are drawn along the application, challenge and re-interpretation of different quality content (Barbera and Audifredi, 2012; Barham, 2003; Hayward and Lewis, 2008; Ponte, 2009). Wine is a relatively recent addition to the portfolio of Fair Trade products, having only been certified for the first time in 2003. It has grown dramatically in the past decade, from estimated retail sales of 600,000 L in 2004 to over 16.4 million

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liters in 2012 (Fairtrade Labelling Organizations International 2005; Fairtrade International, 2013). Fair Trade adds a unique quality dimension to wine produced in the Global South – given that producers in the Global North cannot apply for certification. With the three main producer countries of Fair Trade wine<sup>1</sup> (South Africa, Chile and Argentina) representing the trendy ‘new world wines’, it is expected that the volumes sold and the revenues produced will continue climbing in the near future (Artopoulos et al., 2010).

In this article, we examine whether Fair Trade provides a meaningful economic alternative that goes beyond the impact it has on direct beneficiaries. We do so through a regulation theory approach adapted to the sector level and applied to the case study of Fair Trade wine in Argentina. Regulation theory provides relevant analytical elements that allow a holistic understanding of Fair Trade, helping to explain how it is embedded in a broader economic system, instead of isolating it within a single socio-economic sphere. More broadly, this article is part of an ongoing quest to blend micro-, meso- and macro-approaches towards an understanding of how agro-food industries and value chains are being transformed, and with what consequences for producers in the Global South. In previous work, one of the authors examined how the functioning of agro-food value chains is being shaped by struggles over quality conventions – through the negotiation, arbitration and (re)definition of quality (Gibbon and Ponte, 2005; Ponte and Gibbon, 2005). The purpose of that kind of analysis was to understand how value chains are driven, and what repercussions struggles over quality conventions have on entry barriers, terms of participation, functional divisions of labor along the chain and distribution of value added – with particular attention paid to the role of sustainability standards and certifications, and related ‘civic’ content of quality conventions, in these dynamics [references removed]. However, the functioning of the value chain was only partially embedded in the broader framework of socio-economic relations and institutional forms at the national and transnational levels. The analysis of quality conventions at individual nodes of the value chain, and how these travel upstream and downstream, revealed important features of value chain governance and related redistribution effects (Ponte, 2009). But the regulatory and institutional factors shaping these value chains were not systemically integrated in the analysis (Ponte and Sturgeon, 2014). Rather, they were seen as framework conditions within which internal value chains operations were examined. In this article, we start tackling these limitations by re-engaging with the research agenda of regulation theory (see Allaire and Boyer, 1994) as applied to the restructuring of agro-food industries.

In the next section, we briefly summarize some of the main approaches that have been used in the literature to make sense of changing quality regimes in the agro-food industry. In Section 3, we highlight the role that a sector-adjusted version of regulation theory can play to remedy some of the main deficiencies of existing approaches. In Section 4, we apply regulation theory to the case study of Argentinean Fair Trade wine. In the conclusion, we sum up the lessons provided by this case study and provide some directions for future research.

## 2. Fair Trade and the wine industry: existing approaches and their limitations

The analysis of quality conventions has been often used in the

literature to explain the evolution of quality regimes of the agro-food sector. Drawing originally from work by Boltanski and Thévenot (1991), scholars in this field have developed a typology of quality conventions that are said to minimize uncertainties about quality in the exchange of products and thus facilitate specific forms of coordination (Eymard-Duvernay, 1989, 2006a, 2006b; Ponte and Gibbon, 2005; Ponte, 2009; Sylvander, 1995; Thévenot, 1995). The Anglophone agro-food literature has often applied this framework in attributing one or another type of convention to the disclosure of quality. Much discussion has been focused on the putative content of ‘civic conventions’ (where Fair Trade is usually placed) and whether these are being folded within a compromise of ‘market’ and ‘industrial’ conventions that allows ‘alternative’ quality traits to be mainstreamed and standardized (Barham, 2002; Freidberg, 2003, 2004; Kirwan, 2006; Reynolds, 2002, 2012; Renard, 2003). Alternatively, the analysis of quality conventions has been used to highlight the putative emergence of ‘alternative food networks’ based on locality and domestic conventions (see Murdoch and Miele, 1999; Murdoch et al., 2000).

The analysis of conventions has also been applied specifically to understand the dynamics of quality in the wine industry and how quality conventions have shaped production practices, organization and management, and institutional and regulatory innovation (Barbera and Audifredi, 2012; Guthey, 2008; Lindkvist and Sanchez, 2008; Sanchez-Hernandez et al., 2010; Sanchez-Hernandez, 2011). Value chain analyses for wine in specific countries (see Cusmano et al., 2010; Gwynne, 2006, 2008; Hayward and Lewis, 2008; Lewis, 2008) are also available, but are only rarely combined with an analysis of quality conventions (for an exception, see Ponte, 2009).

In relation to Fair Trade wine, the existing literature is mainly concerned with the experience of South Africa<sup>2</sup> (Herman, 2010, 2012; Kruger and du Toit, 2007; McEwan and Bek, 2009a; Moseley, 2008), with only one contribution on Chile (Kleine, 2008) and none on Argentina so far. Kleine (2008) provides an optimistic take on Fair Trade wine. Her action-oriented research project in Chile examined the implementation of an internet interface and a traceability system that allow actors in the value chain to retrieve economic, social and environmental information about specific wines. Her argument is that Fair Trade certification provides producers and the certification body with ‘moral power’ over other actors in the value chain, thus weakening the power of supermarket chains. The positive role of ‘more information’ is also appreciated by Herman (2010), who engages with the ‘double-fetishism’ argument (originally raised by Freidberg, 2003, 2004) in her examination of Fair Trade wine in South Africa. She argues that while the use of a standardized label acts as a substitute for engaged knowledges, a ‘politics of reconnection’ poses dilemmas and challenges to Fair Trade – given that its mainstreaming strategy is ‘based on a simplified and standardized mark so as to build consumer awareness and decrease confusion in an increasingly crowded marketplace’ (Freidberg, 2004: 418). Yet, she concludes that providing more information *per se* is positive, as it can lead to ‘questioning by consumers and an appreciation of producers’ (Freidberg, 2004). She also argues that Fair Trade (combined with a ‘black economic empowerment’ discourse) in South Africa offers participants significant ‘opportunities to overcome continuing structural constraints that impact on their everyday lives’ (Herman, 2012: 1129).

Moseley (2008) is relatively optimistic on the potential of Fair

<sup>1</sup> The current number of Fairtrade certified organizations in wine (Small Producer Organizations, Hired Labor situations and Traders) and their countries of origin are: South Africa, 52; Chile, 14; Argentina, 11; Brazil, 2; Lebanon, 2; and Tunisia, 1 (FLO-CERT, 2014).

<sup>2</sup> A related literature looks at other ethical trade and ‘black economic empowerment’ initiatives in the wine industry in South Africa (Bek et al., 2007; du Toit et al., 2008; McEwan and Bek, 2006, 2009b).

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