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The Influence of Grades and Standards on Governance Relations: the Cases of Asian Vegetables Produced in Honduras and Northeast Brazil’s Grapes and Mangoes

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Abstract

The effect of grades and standards is positively linked to addressing concerns on consumers’ side. It reflects the absorption of stressed social values such as the importance of social and environmental sustainability. Actors in the chain are forced into interdependence either through lead buyers or through governments’ demands for conformity to various standards. Also, it is argued that intra-firm transfer of knowledge and information may be facilitated through standards implementation. Standards have become, however, a way to understand the configuration of power relationships along value chains. The two studies presented here provide insights about aspects constituting the latter issue. The Asian vegetables sector in Honduras portrays how domestic lead players structure the requirements for export through a set of parameters on crop management and produce characteristics demanded to producers. This situation provides them the ability to handle the uncertainty involved in the exchange of Asian vegetables, whereas economizing on the main transaction costs. However, the retaining of information’s strategic content on issues such as market demands from actors further downstream in the chain to a great extent enables them to preserve their position as lead players. On the other side the outlines of a research line conducted in the fruit production region of the São Francisco Valley in Pernambuco, Brazil, by the Globalisation of Agriculture Research Group in the Federal University of Pernambuco, illustrate the case of a productive region which for some years has lived the process of overarching productive restructuring to comply to global corporate retailers in the main consumer market of USA and Europe for mangoes and table grapes. Actors involved in the value chain for the region’s products have seen an increasing pressure for compliance with main international standards of production quality and, with that, the ‘externalisation’ of the skills needed for defining quality assessment parameters of a great number of production aspects. Both studies illuminate on the dilemma of the vulnerability of local farmers in the producing regions of the south hemisphere, connecting them in a relation of captivity and strongly binding their means of livelihood to international markets of the developed nations.

Keywords: Quality, standards, value chains