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# *From Bottleneck to Hourglass:*

## *Issues and Concerns on the Market Concentration of Giant Agrifood Retailers in Commodity Chains and Competition Policies*

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## *I. Introduction*

An hourglass consists of two wide glass bulbs placed one on top of the other, which are connected by a very narrow tube. As we commonly know it, one of the bulbs (top bulb) is filled with sand, which flows through the tube and onto the bottom bulb at a very slow pace.

Bottleneck is, literally, the neck of a glass or bottle. In most cases, the neck is much narrower than the body or mouth of the bottle.

Bottlenecks aptly describe the previous global agrifood system of numerous small farmers and small producers (***body***) as compared to a few processors/millers (***bottleneck***). The concept can also be applied to the situation of a few sellers/wholesalers and retailers (***bottleneck***) against the numerous consumers/customers (***body***).

The current global agrifood system is slowly going from a "bottleneck situation" to one of "hourglass," wherein a few dominant agrifood retailers (***very narrow tube***) control both the supply side/numerous producers (***top bulb***) and demand side/numerous consumers (***bottom bulb***).

The situation has now become one, wherein the entity that controls the prices for suppliers (keeping prices below competitive levels) is the same entity that controls the prices for customers (keeping prices above competitive levels).

While there are a number of developments, mostly corporate takeover of the whole agrifood system, this paper is solely focused on the phenomenal emergence of giant retailers and their control of the agrifood commodity chains. From a mainly European and North American concern, the market power of giant grocers have expanded to both Asia and Latin America, and more explosive growth in these regions are expected in the next 5-15 years. A number of literature have predicted that the Asian region will acquire more than 40 percent share in the global food retail market by 2020.

China alone is bound to be the second largest food retail market, behind only the US. Estimates also predict the Chinese grocery market will grow by 65 percent to US$456 billion (£240 billion) in the next five years. The majority of international retailers that have entered the market have made huge headway in the primary cities of Shanghai, Beijing, Tianjin and Guangzhou. International retailers present in China are Auchan, Carrefour, Ito-Yokado, Metro, Tesco and Wal-Mart. India is also being predicted to become the 4$^{th}$ largest grocery retail market by 2020.[1] Supermarket expansion is also predicted in Africa.

The same is the case with the Latin American region. In Brazil, the market share of the top four grocers (all with foreign counterparts) is already 36 percent. Many of these agribusinesses are expanding their reach beyond Brazil and into the rest of the region. To date, the top 30 retailers in Latin America control 29 percent of the retail market. In

Eastern and Central Europe, the top five supermarkets have 23.1 percent of the food retail market, all of them foreign-owned.[2]

As early as 2003, the Food and Agriculture Organization (FAO) has already warned that small farmers in Africa risk being swept out of agriculture by a wave of supermarket expansion. In South Africa, supermarkets already account for more than 55 percent of national food retail. Kenya has some 200 supermarkets and 10 hypermarkets, equivalent in sales to some 90,000 small shops and accounting for up to 30 percent of food retail. There is already an explosion in the number of supermarkets in certain parts of Southern and Eastern Africa over the past five to ten years.[3]

This paper looks at the current debates and discussions as regards competition policies at the multilateral and regional levels; and at some country specific updates, as they relate to curbing the market concentration of giant retailers. Competition policy, as defined and used in this paper, is, in theory, any of the enabling laws, guidelines, policies or regulations designed to ensure that competition in the marketplace is not limited or controlled for the benefit of only a few entities (i.e. market power of corporations in the era of globalization) in a way that is detrimental to society in general.

Lastly, this paper puts forward a number of framework-based approaches as we look into solutions and alternatives to the current competition policy regime, which does not negate, but, in fact, further strengthens the market concentration of agrifood retailers in the commodity chains. How should we unclog or unblock the bottlenecks and the hourglass' narrow tube? Should we just find a bigger bottle with a wider bottleneck? Should we just find an hourglass with a much wider tube that connects both bulbs? Or should we just break the bottles and hourglasses and replace them with something else? However, the question remains: how and when can this be done?

This paper hopes to contribute to the ongoing eco-fair trade project of the Heinrich Boell Foundation, Misereor, Wuppertal Institute, and other current or upcoming civil society and social movement advocacies and engagement, on the growing market power of global agribusinesses.

## *II. Overview and Recent Trends on the Market Concentration of a Few Giant Agribusinesses in the Retailing Stage of the Agrifood System*

During the course of writing this paper, Carrefour opened its 10th Hypermart in Malaysia, and 25th Supermarket in Indonesia. Tesco, on the other hand, announced that it is about to open its first supermarket in India (Carrefour made a similar announcement) and confirmed that construction is to start for the first Tesco branch in the US. Meanwhile, the German retailer Rewe has set its next expansion project in Poland. The latest fast facts from Wal-Mart put their global branches in operation at 6,500 stores in 15 countries, serving more than 176 million customers around the globe each week.

From a purely European and North American concern, the impact of the market power* of giant agrifood retailers are now being felt slowly in the rest of the world. More explosive growths are expected in Asia and Latin America in the next 5-15 years. A number of sources have predicted that the Asian region will acquire more than 40 percent share in the global food retail market by 2020.

Although there are non-food items in typical retailer-markets, the bulk of the profits is in food sales, as these account for about 70 percent of the grocery market. Hence, in general, these giant grocers are referred to as "agrifood" retailers.**

***Global Outlook***

Ten largest retailers in terms of turnover

| Rank | Retailer | Turnover |
|---|---|---|
| 1 | Wal-Mart (USA) | US$256,329 |
| 2 | Carrefour (France) | US$79,625 |
| 3 | Ahold (Netherlands) | US$63,337 |
| 4 | Metro Group (Germany) | US$60,510 |
| 5 | Kroger (USA) | US$53,791 |
| 6 | Tesco (UK) | US$50,336 |
| 7 | Costco (USA) | US$48,107 |
| 8 | Rewe (Germany) | US$44,260 |
| 9 | Aldi (Germany) | US$39,798 |
| 10 | Intermarche (France) | US$36.206 |

Source: IGD (a UK-based research and marketing firm), March 22, 2005

In terms of global market share, another research has the following figures

Top 10 Global Food Retailers

| | 2004 Revenue (US$ millions) | % global market share |
|---|---|---|
| 1. Walmart [US] | - 287,989 | 8% |
| 2. Carrefour [France] | - 99,119 | 3% |
| 3. Metro AG [Germany | - 76,942 | 2% |
| 4. Ahold [Netherlands] | - 70,942 | 2% |

* Market power is the ability to affect price, to reduce competition and to set standards for a sector of economic activity. It is the ability to set customer price above competitive levels (seller power) and/or ability to set supplier prices below competitive levels (buyer power). Market power undermines competition. A firm with market power can increase its profit at the expense of its suppliers or customers or both. Market power is not the same as monopoly power. A monopoly exists when only one firm sells a particular good or service in a market. Monopolies (and monopsonies, when only one firm buys the good or service on offer) are easily identified; market power is more complex and not always so obvious. – *Sophia Murphy, "Concentrated Market Power and Agricultural Trade", 2006 August Eco Fair Trade Dialogue Discussion Papers No. 1.*

** Although there are technical differences between hypermarkets, superstores/supermarkets, modern grocers, warehouses and giant retailers, this paper refers to them collectively as those who have market power, as distinguished from traditional small and medium scale retailers, traditional cooperative stores, wet markets, and independent shops and neighborhood retailers.

| | | |
|---|---|---|
| 5. Tesco [UK] | - 65,175 | 2% |
| 6. Kroger [US] | - 56,434 | 2% |
| 7. Costco [US] | - 52,935 | 2% |
| 8. ITM Enterprises [France] | - 51,800 | 1% |
| 9. Albertson's [US] | - 39,897 | 1% |
| 10.Edeka Zentrale [Germany | - 39,100 | 1% |

*source: ETC Group, www.etcgroup.org*

Top 10 World Grocery Retail Market Values, 2005

| Rank | Country | Value |
|---|---|---|
| 1 | USA | US$759bn |
| 2 | Japan | US$451bn |
| 3 | China | US$277bn |
| 4 | India | US$194bn |
| 5 | UK | US$156bn |
| 6 | France | US$152bn |
| 7 | Germany | US$136bn |
| 8 | Italy | US$133bn |
| 9 | Russia | US$129bn |
| 10 | Spain | US$64bn |

Source: IGD Research, 2005

Within the retailing business circles, China, Russia and India (in that order) are the top priority consideration for increased investment and are of strategic importance in the short-term. The next five countries considered to be second market priority are the United States, Ireland, Turkey, Ukraine and South Korea.[4]

In 2004, the top 10 global food retailers accounted for the combined sales of US$840 billion – 24 percent of the estimated US$3.5 trillion global market, in contrast to their combined sales of US$513.7 billion or 18 percent of the global market share five years ago.

In the UK, only four giant grocers control 75 percent of the food retailing market – Tesco, Asda (which is part of the Wal-mart Group), Sainsbury and Morrisons. Tesco controls 29 percent of the market.[5]

In Germany, the largest four grocery firms (Metro Group, Rewe Group, Edeka/AVA Group and Aldi Group) have 56 percent of the total market. In France, the concentration of the largest firms (Carrefour, Leclerc, and Casino) control 63 percent of the total market. The largest grocery firms in the Netherlands (Ahold, Casino, Sperwer, and Makro/Metro) have 66 percent. In Spain, ElCorte Ingles, Carrefour, Marcadona and Eroski control 62 percent. In Italy, 36 percent of the total market is shared by Coop Italia, Auchan/Rinascente, Carrefour and Conrad. In Belgium, 64 percent of the total market is shared by Carrefour, Delhaize L E Lion, Colrupt and Cora Delhaize. And in Denmark, Sweden, Norway and Finland, the largest three retailers have between 78 to 95 percent of the market share. Taken together, the largest four grocery retailers in Europe are Carrefour, Metro Group, Tesco and Rewe.[6]

In the US, the five largest supermarket chains control at least 28 percent of the retail market (with Wal-Mart having 15 percent); thirteen years ago, this figure was around 19 percent.[7] Another research estimates that, in terms of food sales, the giant grocers control 58.3 percent of the market. The top five grocers (Kroger, Wal-mart, Albertson's, Safeway, Ahold USA) have 38 percent market share. Far from finished, Wal-mart is set to open 200 stores yearly.[8]

Canada's situation is more concentrated with supermarkets, which dominate as the most important retail food channel in North America – currently accounting for 80 percent of retail food sales: Loblaws with over 1,600 stores across the country, accounting for 40 percent of food sales; Sobey's with 1,300 stores and 18 percent of sales; Canada Safeway with 200 stores and 8 percent of sales; Metro Inc. with 343 stores (primarily in Quebec) and 9 percent of sales; and A&P with 230 stores (primarily in Ontario) accounting for 7 percent of sales.[9]

### *Latin America*

In Latin America, the fastest-growing supermarkets are chains from Europe and the US, including Carrefour from France, Wal-Mart from the US, Ahold from the Netherlands, and Tesco from the UK. In most Latin American countries, 60-80 percent of the top five supermarket chains are global multinationals, which, while composed mainly of the top three food retailers in the world (Royal Ahold, Carrefour, and Wal-Mart), also includes other players, such as Casino and Auchan (France). On average, Carrefour earned three times higher margins from its Argentine operations compared to that from its French operations in the 1990s.[10]

Supermarkets now control 50-60 percent of the food retail sector in Latin America – increasing phenomenally from a mere 10-20 percent figure 10 years ago. In Guatemala, a leading supermarket chain has concluded that only 17 percent of the population is out of supermarket reach because of low income or geographic location. In Brazil, the new private rules being imposed by supermarkets on the red meat sector have pushed dozens of small slaughterhouses, traders, and truckers out of business. [11]

Again, in Brazil, the market share of the top four grocers (all with foreign counterparts) is already 36 percent. Many of these agribusinesses are expanding their reach beyond Brazil to the rest of the region. To date, the top 30 retailers in Latin America control 29 percent of the retail market.[12]

In Mexico, there are about 4,300 supermarkets and mini-super/convenience stores. Supermarkets have been increasing their market share and are becoming more frequented than traditional stores. From 2001 to 2003, supermarkets have increased their market share by 6.84 percent, while traditional stores decreased theirs by 10.2 percent. In 2004, modern supermarkets reached 57 percent of total sales in value within the retail market.

The growth of supermarkets in Mexico has been explosive; the number of stores has leapt from less than 700 in 1993 to about 4,300 in 2004. This pace is continuing with several new stores scheduled to open each week.[13]

The Mexican retail market is dominated by Wal-Mart, followed by Comercial Mexicana, Gigante, and Soriana. These last three have recently created a joint venture named "Sinergia de Autoservicios" to compete against Wal-Mart. This consortium's sales currently represent 87 percent of Wal-Mart's sales.[14]

The two largest supermarket chains in Chile are D & S, with 34.4 percent of market share, followed by CENCOSUD with 24.1 percent. In 2004, six (6) supermarket chains controlled 71 percent of supermarket food retail sales.[15]

### *China*

China alone is bound to be the second largest food retail market, behind only the US. Estimates also predict that the Chinese grocery market will grow by 65 percent to US$456 billion (£240 billion) in the next five years. The majority of international retailers that have entered the market have made huge headway in the primary cities of Shanghai, Beijing, Tianjin and Guangzhou. International retailers present in China are Auchan, Carrefour, Ito-Yokado, Metro, Tesco and Wal-Mart. Opportunities are great, but there are also major challenges facing companies looking to succeed in the market.[16]

The largest retailer in China is the Bailian Group. It was created in 2003 following the merger of Shanghai Lianhua and Shanghai Hualian. It has an estimated turnover of 48.5 billion Rmb at the end of 2003. IGD estimates that the company currently operates 4,500 stores across the eastern regions of China. Foreign retailers are expected to open more hypermarkets.[17]

In 2004, sales of foreign retail chains in China reached 15.6 billion US dollars from over 3,402 stores. Carrefour now has 62 stores, Wal-mart has 43, Tesco has 31, Metro has 23, Auchan has 11, Makro has 6, and 7-Eleven and Watson's have close to 300 stores between them.[18]

Similar to developments in other countries, supermarkets are gradually becoming the place for shopping for the growing Chinese middle class. With its urban areas estimated to reach 575 million this year, China is bound to be the largest market for supermarket retailing.[19]

### *Rest of Asia*

India is also being predicted to become the 4th largest grocery retail market by 2020.[20] While India is slower than China in liberalizing the retail sector, modern retail is still expected to grow by 30 percent per year in response to the consumer muscle of India's 440 million-strong middle class. Foodworld is India's largest retailer with 81 stores. Metro's Indian subsidiary is predicting revenues of US$1 billion from its fledging operations in the next five years.[21]

The Asia region has seen the growth of "local" firms into giant retailers, with similar, if not bigger, market power in the regions as compared to the more established and global giant retailers from Europe and North America. The Thai-based conglomerate Charoen Pokphand or CP is one fine example.

The CP Group has emerged as the largest agro-industrial company in Asia, with operations in livestock, fruit and vegetables, grain and feed products, convenience stores and supermarkets, shopping malls and fast food outlets, and a host of other business ventures. Poultry production and processing, and its associated activities (e.g. animal feed production and breeding facilities) remain the most important areas of the Group's activities.

What is interesting is that CP is both into major retailing (KFC and 7-Eleven franchises, among others) and is also a major supplier to a number of retail outlets in the EU, particularly in the UK, as a result of its association with Tesco, the UK's largest supermarket chain and a major player in the emerging global retail sector. By 2004, the CP group was exporting chicken products valued at US$127 million to Tesco UK, which represented 60 percent of the value of the CP Group's exports to the EU, and between 30-40 percent of the Group's total export revenues.

The company has established 109 feed mills in China, spread across 29 of the country's 31 provinces. These operations produce eight million tons of animal feed per annum, with domestic sales satisfying nine percent of China's demand consumption, and export sales comprising ten percent of China's feed grain exports. The Group has operated the KFC franchise in thirteen of China's largest cities, which in the late 1990s involved the annual delivery of 75.5 million birds.[22]

In general, Thailand's modern retail food outlets increased their market share from around 5 percent in the late 1980s to more than 40 percent recently – a significant impact on wholesalers as well as retailers. The economic crisis in the late 1990s increased foreign direct investments in the modern retail food sector. The four main retailers in Thailand are mostly joint ventures of local and foreign retailers: Tesco-Lotus (CP Group), Big C (a partnership with French firm Casino), Carrefour (previously a joint venture with Central, a local Thai firm) and Makro. [23]

Meanwhile, in Indonesia, while the number of traditional retailers (wet markets, small shops) has been diminishing by 8 percent annually, the number of supermarkets and hypermarkets has increased by 26 and 15 percent, respectively. There are now over 800 supermarkets in Indonesia. For this year, it is estimated that supermarkets will account for 30 percent of all retail sales.[24]

Another report projects modern retailing in Indonesia to continue growing by 15 to 25 percent annually. The growth of hypermarkets will soon move to the large cities in Java, Sumatra, and Sulawesi.[25] Among these giant retailers is Hero, Indonesia's domestic supermarket pioneer. Hero forged a strategic alliance with Dairy Farm, an English conglomerate. Dairy Farm is the leading Asian retailer operating 2,493 outlets in eight countries.[26]

On the other hand, the Taiwan market has already been penetrated by Carrefour through the Uni-President Group, a local agrifood company in Taiwan. Carrefour and the President Group established a new company – the PresiCarre Corporation – with a capital investment of US$20 million. President holds 40 percent of the share, while Carrefour holds 60 percent. By 1998, PresiCarre was operating 20 supermarkets. By 2001, this figure has risen to 26. The joint venture company is currently the leading supermarket chain in Taiwan, with sales reaching NT$38.5 billion (US$1.2 billion) in 1999.[27]

The President Group also moved into retailing in China, establishing a number of hypermarkets in partnership with Carrefour. In addition, the President Group and Southland Corp. of the US (owner of the 7-Eleven brand name and franchising rights), have entered into a joint venture in opening 7-Eleven stores in Shanghai and Beijing. The President Group has also replicated its activities in Taiwan in operating the first Starbucks franchise in China. The company is reported to be seeking further investments in China and India, with the aim of becoming a US$5 billion company before 2008, and one of Asia's largest agribusiness companies.[28]

For the other countries in Asia, the same trend of increasing market power of giant retailers – whether locally or foreign-owned, or as joint venture – holds true. An ongoing study reveals the following shares (%) in modern grocery distribution of the Top Five Retailers in some countries in the Asia region (2004):

> Thailand 50.9%; South Korea 35.8%; Hong Kong 34.5% ; Philippines 30.0%; Malaysia 25.6%; Japan 20.4%; Taiwan 20.3%; Singapore 20.1%; Indonesia 13.9%; [29]

Australia has one of the most concentrated retail food sectors in the world. The Australian Competition and Consumer Commission (1999) reported that the national grocery market shares of Woolworths, Coles and Franklins increased from 40 percent in 1975, to approximately 80 percent in 1998. In 2002, the National Association of Retail Grocers of Australia estimated that Woolworths and Coles had a combined market share of 76 percent, based on the additional stores that the two chains acquired from the breakup of the Franklins supermarket chain.[30]

### *Eastern and Central Europe*

In Eastern and Central Europe, the top five supermarkets have 23.1 percent of the food retail market. They are all foreign-owned supermarkets.[31] The retail sector in Poland has been privatized faster than any other sector and all the top ten retailers are foreign-owned: Geant Casino, Auchan, Carrefour and Tesco. These giant supermarkets have a strong influence on the production and distribution structure within Central and Eastern Europe, especially through their 'own brands' policies.[32]

In Central Europe, privatization of the state-owned retail system since the 1990s has been followed by a rapid concentration of privately-owned retailers, which are largely foreign-owned. The retailers that dominate Western Europe are the same retailers that are now beginning to dominate Central and Eastern Europe, although they are not yet as highly concentrated.[33]

Share of modern grocery distribution of the top 5 retailers in Central and Eastern European countries (%) in 2004:

1) Lithuania - 81.4; 2) Slovenia - 76.2; 3) Hungary - 64.7; 4) Estonia - 64.4
5) Latvia - 49.3; 6) Czech Republic - 42.8; 7) Slovakia - 29.9; 8) Poland - 23.3

***Africa***

As early as 2003, the Food and Agriculture Organization (FAO) already warned that small farmers in Africa are at risk being swept out of agriculture by a wave of supermarket expansion. In South Africa, supermarkets already account for more than 55 percent of national food retail – the dominant players being Woolsworth, PicknPay and Shoprite-Chechers. Kenya has some 200 supermarkets and 10 hypermarkets, equivalent in sales to some 90,000 small shops, and accounting for up to 30 percent of food retail. There is already an explosion in the number of supermarkets in certain parts of Southern and Eastern Africa over the past five to ten years.[34]

The South African company Shoprite is now doing business in 14 African countries and plans to expand further, similar to the trends of Asian retailers extending their clout in Asia. Metro Cash and Carry, and Woolworth have just entered Kenya.[35]

Despite the traditional image of the supermarket as the shopping store of the middle class, the larger-scale format is spreading throughout urban centers and even rural towns across Africa, rapidly catering to the urban poor. In South Africa, for example, supermarkets already account for more than 55 percent of national food retail. Their impact can be felt in the fruit and vegetable market in the region, which has become integrated into a single, larger market.[36]

## *III. Concerns and Challenges of Market Concentration in the Retailing Sector*

The preceding chapter has shown the immense and still increasing global market power of giant agrifood retailers. Such market power and, consequently, market concentration of a few giant agrifood firms have re-modeled the global agrifood production, distribution and retailing system.

Increasingly, it is now in the hands of these giant retailers to decide what, where and how food is produced; how much land, time, capital and labor are needed; who will produce the food and who gets to eat it; and at what price they are willing to buy the crop and sell the food.

In the meantime, small-scale producers, independent growers, small and medium enterprises, independent retailers, market vendors, small cooperatives, family-based farmers, consumers, and local communities are now trying to cope with the impacts on their lives and livelihoods of the increasing market power and the further consolidation in the agrifood sector of a few dominant corporations.

Contracts and private standards[*] have taken over national laws and domestic regulations. Governments are equally culpable for allowing corporations to take over decisions in the agrifood system. Instead of rural development, food security, and sustainable livelihoods in the agrifood sector, profit generation has become the goal of these giant agrifood retailers.

These giant modern agrifood grocers are able to reduce the layers of transaction, given their immense market power with suppliers, and at the same time, ensure that supplies meet their "private standards" and diversify their product lines to meet customer expectations and fend off competition from other giant grocers.

Wholesale markets and traditional outlets of small farmers or independent cooperatives are fast losing out to the more sophisticated and moneyed suppliers of giant retailers.

The level of access to the new model of agrifood production, which caters to the needs of giant retailers, makes it more difficult for small farmers and independent producers to find buyers for their produce. This will hold true unless these farmers are subsumed by bigger farms or enter into contract-growing schemes with commercial farmers or procurement agents of giant retailers.

Getting into the procurement system of giant grocers means investing in irrigation, greenhouses, trucks, cooling sheds and packing technologies, as well as sorting and grading of the produce, documentation of farming practices, and meeting delivery deadlines.[37] Certainly, a cash-strapped small-scale producer or independent grower does not have the means and capacity for such an engagement.

Consumer 'demand' for high quality and improved "standards", as well as better looking packages, mean additional costs for small producers, family-based farmers, and small to medium-scale processing enterprises until they are eventually forced either to sell their lands or work as contract growers for large-scale production and processing firms that deal directly with the suppliers/procurement agents of giant retailers. On the other hand,

[*] Beyond the original design for quality control and regulatory compliance on health, environment, labor and safety issues, private standards (or cosmetic standards) has lately become a marketing strategy by supermarkets to differentiate themselves from their competitors. It has also become a tool to extract more profits and leverage more concessions from producers, while at the same time deterring the market entry of independent producers and small-scale farmers. This may also mean the risk of substandard harvests, and that any unforeseen losses would be shouldered mainly by the growers.

the lack of trading-for-exports in developing countries is making it more difficult for small-scale producers to engage with the export network of importers and agents. And this is made more difficult as traditional export and import channels are losing out because of the increasingly direct relationships of suppliers with supermarkets.

In Zimbabwe, it is reported that small-scale farmers receive less than 30 percent of the price-per-kilo paid to commercial farmers who deliver directly to a packing plant. Changes to the supply and distribution of produce in countries such as South Africa, Kenya, Zimbabwe, Zambia, Namibia, Botswana and Swaziland will have a direct impact on the lives of millions of small farmers, who may be forced out of farming unless they are able to supply what supermarkets demand.[38]

In Thailand, the Thailand Development Research Institute (TDRI) conducted a survey of traditional retail outlets in 2002 and reported that, within a one-kilometer radius of a hypermarket, 36 percent of traditional retail outlets have closed down while only 21 percent have opened operations, making the net decrease in the number of traditional retail outlets 15 percent. On the average, the number of traditional retail outlets has decreased by 7.6 percent annually, while the sale value of existing ones (mostly grocery stores) has decreased by 8 percent per year. Consumers preferred buying processed food from hypermarkets and have turned to convenience stores for their beverage, snacks and refreshments.[39]

“Stricter” food safety standards and the permanent price wars among retailers (race to the top) have led to a race to the bottom in almost all commodities being produced by small farmers, resulting not only to a decrease in income (for contract growers and independent farmers), but also to unfair labor practices (for plantation workers). Small-scale producers are simply unable to cope with these private standards, specifications and contracts.

The retail sector is increasingly being consolidated and multi-nationalized not only across the traditional North-to-South route, but also within the South (as discussed in the previous chapter). And so we have Korean and Japanese retail firms investing in Southeast Asia; Chinese retailers investing in Vietnam; South African grocers in other parts of Africa; and Brazilian firms expanding their reach across Latin America.

Old-type retailing have traditionally made use of a network of importers, brokers, distributors and wholesalers for their supplies from small-scale producers or independent growers (and even family-based farmers in the North), with the latter enjoying personal and flexible relationships with the former. The new type of relationship employed by giant retailers has become more formal and stringent because of their specialized suppliers who offer everything – from storage, handling, sorting, and packaging/processing, to delivery and transportation.[40]

Through vertical integration, these agrifood grocers have acquired their own dairies or farms for their own product line of dairies, meat, poultry, canned and processed foods, and fresh fruits and vegetables. Big retailers either own farms or dairies, or have substantial shares in them, or have entered into contracts with big exporters/suppliers. The Carrefour chain in Beijing, for instance, has 3 vegetable suppliers: Beijing Fangyuan Ping’an Safety Food Development Co., GujihongTrade Co. Ltd., and Lingyuanhong Food

Co. Ltd.[41] CP is supplying Tesco. Carrefour Indonesia, on the other hand, procures its goods from subsidiaries of Unilever, Nestle, and Procter and Gamble in Indonesia.

The entire food wholesaling business, as an adjunct to the market power of giant retailers, is much more consolidated than ever before.

For family-based farms in the North, the competition is not only with larger commercial farms, but also with “foreign” producers from the South that are now producing the product lines of giant retailers.

In addition to all of these, this global agrifood model being perpetuated by giant retailers has both short-term and long-lasting impacts on sustainability, the environment, and the capacity of countries to decide and chart freely their own food/agriculture policies and development objectives. This will be discussed at length in the succeeding chapters.

## *IV. Competition Policy as an Instrument to Curb Market Concentration of the Global Agrifood Retailers in the Commodity Chains*

At the global level, there are roughly 100 jurisdictions with a competition law, half of them quite recent. Ironically, developed countries have been much slower in passing legislation on competition policy. In the absence of competition laws and legislations, governments have used consumer protection laws, price-fixing and other anti-monopoly legislations.

The fact remains that existing competition laws and substitute legislations have not stopped the growing market power of giant agrifood retailers. In fact, there is evidence of retailers lobbying against the different regulations that prohibit abusive practices of buyer power. Retailer interests, thus, outweigh supplier and consumer interests in regulation and supervision by the authorities.[42]

A study by the APEC secretariat in 1999 on Competition Laws suggests that there is inadequate infrastructure to support a competitive system because of excessive corruption, bureaucratic inertia, poor corporate governance and lack of transparency. The judicial system in most countries is weak and not independent, and judges are reluctant to act against the interests of the government or prominent businesses.[43]

This chapter looks at some of the current discussions at the international, regional and national levels between governments on competition policies.

### IV.1 Discussions at the WTO

The decision adopted by the WTO General Council on 1 August 2004 states that the interaction between Trade and Competition Policy (together with Investment and Transparency in Government Procurement) would no longer form part of the Work Program during the current Doha Round.[44]

For most of the developing countries, civil society and social movements who have opposed the inclusion of competition policy under the orbit of the WTO, this is a small victory in the long war against corporate-led globalization.

Far from the lofty ideals of addressing the concerns of cartels, restrictive business practices and corporate mergers, a competition policy under the WTO would, in fact, make it easier for European and US corporations to enter the market of most developing countries, as the latter's policy space would further be limited.

The real target of competition policy proponents was the core WTO principle of according "national treatment" to foreign corporations. This simply means that foreign firms and their products are to be given equal or even better treatment than that given to local firms. It would curb the right of developing country governments to provide advantages to local firms, and local firms themselves may be restricted from practices, which are to their advantage.[45]

One of the strongest arguments against a WTO-designed competition policy was that it would prevent developing countries from doing what developed countries have done in achieving their development goals – strong public intervention and flexible competition policies based on their development needs.

As a "one-size-fits-all" multilateral body that assumes the existence of a fair global market and fair competitors, there was legitimate concern on whether the WTO was, indeed, an appropriate arena for any global rule on competition policy.

Since any policy becomes binding once agreed upon at the WTO, a competition policy at the WTO could have locked countries into establishing new competition authorities or adjusting existing domestic competition regimes into a "one-size-fits-all" global policy. There is also a concern for the readiness of countries to implement competition policies at that time.

As will be discussed in the next chapter, competition policy, when given a different approach, can prove beneficial. In fact, there is really an urgent need to tackle market power and other anti-competitive practices. What is crucial is that the best possible form of regulation (i.e. competition policy) be appropriate for a developing country's needs.

### IV.2 Discussions at UNCTAD (UN Set)

In December 1980, the United Nations General Assembly adopted the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive

Business Practices. The UN Set, as it is now referred to, is the only multilateral agreement on competition policy to date. It provides a set of equitable rules for the control of anti-competitive practices; recognizes the development dimension of competition law and policy; and provides a framework for international cooperation and exchange of best practices in this area, including the provision of technical assistance and capacity building for interested member countries.

However, like most UN resolutions and agreements, except for the UN Security Council Resolutions, these remain recommendatory and voluntary for countries to undertake.

The framework of the UN Set is also problematic, since the overarching principle of such competition rule is the globalization process at the local and multilateral levels. At the same time, its focus is specific to consumer interests and "lower" prices of goods. The framework of such competition policy is to ensure that "anti-competitive practices" do not impede or negate the realization of benefits from the liberalization of trade and investment.

The UN Set's main objectives are as follows: 1) Contribute to a more efficient, but also a more equitable world economy through a competition-rules-based globalization process at the national, regional and multilateral levels; 2) Boost competitiveness, and hence, accelerate the development of developing countries, in particular LDCs and economies in transition, by promoting a competition culture; and 3) Defend consumer interests by ensuring that the application of competition rules shall result in better quality and choice, and lower prices of goods and services.[46]

The UN Set annually convenes the Intergovernmental Group of Experts [IGE] on Competition Law and Policy, which provides a forum for multilateral consultations, discussions and exchange of views between States on matters related to the Set, and undertakes and disseminates studies and research on competition policy issues periodically.[47]

### IV.3 Discussions at the International Competition Network (ICN)

The ICN is the only international body devoted exclusively to competition law enforcement. Membership is voluntary and open to any national or multinational competition authority (not States or governments) entrusted with the enforcement of antitrust laws. The ICN does not exercise any rule-making function. Where the ICN reaches consensus on recommendations, or "best practices", arising from the projects, it is left to the individual competition authorities to decide whether or not, and how, to implement the recommendations, (i.e. whether through unilateral, bilateral or multilateral arrangements, as appropriate).[48]

The ICN was launched on October 2001. It currently has 97 competition authorities as members from 85 jurisdictions. As such, the ICN does not include the real stakeholders who are taking the brunt of a non-existent, if not flawed, competition laws currently in operation across the globe.

## IV.4 Discussions at the Organization for Economic Cooperation and Development (OECD)

From its own website, the OECD claims that its Competition Committee is the world's premier source of policy analysis and advice to governments on how best to harness market forces in the interest of greater global economic efficiency and prosperity. Bringing together the leaders of the world's major competition authorities, the Committee is the chief international forum on important competition policy issues.[49]

As an organization of the 30 richest countries in the world, it is no wonder that the basic premise of the Competition Committee is the promotion of market-oriented reform. Members of this Committee include senior representatives from the competition authorities in OECD countries.

The OECD also organizes the Global Forum on Competition (GFC), which provides an opportunity for policy dialogue between OECD member countries and non-members. The OECD produces internationally agreed-upon instruments, decisions and recommendations to promote rules of the game in areas where multilateral agreement is necessary for individual countries to make progress in a globalized economy. The current focus of the Forum and the Competition Committee is on concessions, merger reviews, and cartel investigations, among other cases.[50] Such focus highlights OECD’s bias for the achievement of “best practices” among corporations, and not for the impacts of the anti-competitive behaviors or cartel operations of these corporations.

## IV.5 Discussions at Regional Trade Blocs

### *European Union*

The European Competition Network (ECN) was established as a forum for discussion and cooperation among European competition authorities. The ECN ensures an efficient division of work and an effective and consistent application of EC competition rules. The EU Commission and competition authorities from EU member states cooperate with each other through the ECN.[51]

The main work of the ECN is to: inform each other of new cases and envisaged enforcement decisions; coordinate investigations where necessary; help each other with investigations; exchange evidence and other information; and discuss various issues of common interest. The objective of the European Competition Network is to build an effective legal framework to enforce EC competition laws against companies who engage in cross-border business practices, which restrict competition and are, therefore, anti-consumer.[52]

The seeming effectiveness at the EU level is a good example of countries’ substantial cooperation on regional agreements if they see themselves among equals. EU’s policies outside Europe, however, remain a big concern. It is very important to add that the current competition policies in Europe are focused on consumer interests and on competition among corporations.

***APEC***

As early as 1999, the Asia Pacific Economic Cooperation (APEC), has endorsed the APEC Principle to Enhance Competition and Regulatory Reform for its member countries and as a regional trade bloc, with the end view of strengthening the markets in the region. It says that the implementation of competition policy/deregulation area provides markets with a framework that encourages market discipline, eliminates distortions and promotes economic efficiency.[53]

The Competition Policy and Deregulation Group (CPDG) is the main arm of APEC on competition policy matters. APEC has a joint project with OECD on an integrated checklist on regulatory reform. This is a self-assessment (voluntary tool) among member countries on regulatory, competition and market openness policies. A Competition Policy and Law Database among members is being managed by Chinese Taipei. [54]

***ASEAN***

The Association of South East Asian Nations (ASEAN) is a group of ten countries in the region. Only 3 of its members have a competition law. However, it has not stopped the region with its plans for regional integration through the ASEAN Free Trade Area (AFTA). The demand for more market openness and regional integration in the ASEAN region stems from the fact that its economy is expected to double over the next decade and from its expanding middle class as a ready market for goods and services. The AFTA is now virtually established with member countries having made significant progress in lowering intra-regional tariffs through the Common Effective Preferential Treatment (CEPT) scheme.

The US government is one of the prime movers in demanding ASEAN to speed up the regional liberalization process and has called for the creation of independent regulatory bodies to follow non-discriminatory and transparent procedures to safeguard against monopoly domination of markets.[55]

Not surprisingly, a number of sources have cited the interests of home-grown ASEAN agri-based Transnational Corporations (TNCs) in the agricultural integration process. These home-grown ASEAN-based TNCs include CP, San Miguel of the Philippines, the different palm oil interest groups in Malaysia, the big food processors in Singapore, and Indofoods/Salim Group of Indonesia.

***FTAA***

For the Free Trade Area of the Americas (FTAA), a general guideline has been drafted with the objective of guaranteeing the benefits of the FTAA liberalization process by ensuring that these are not undermined by anti-competitive practices. The end view is the establishment of juridical and institutional coverage at the national, sub regional or regional levels, which proscribes the carrying out of anti-competitive business practices. Another goal of the competition policy is to develop mechanisms that facilitate and promote the development of competition policy, and guarantee the enforcement of regulations on free competition among and within countries of the Hemisphere.[56] “Free” competition implies the non-discrimination and national treatment of foreign corporations. This will be discussed in the next chapter.

The FTAA Working Group on Competition Policy has been updating and compiling reports on the development and application of Competition Laws and Policies of FTAA member countries.

***Other Regional Trade Blocs***

Mercosur countries (the Southern Cone, composed of Brazil, Argentina, Paraguay and Uruguay) have signed the Fortaleza Protocol, which established an ambitious set of guidelines towards a common competition policy in the region where member countries are tasked to: 1) have an autonomous competition agency and a national law to cover the whole economy; 2) make the competition authority strong enough to challenge other public policies whenever necessary; and 3) share a common view about the interplay between competition policy and other governmental actions.[57]

The Common Market for East and Southern Africa (COMESA) has drafted the COMESA Competition Regulations, which, among others, promotes to the member States the principles of regional competition regulations and rules. The COMESA also urges the use of moderation and self-restraint in the interest of cooperation in the field of anti-competitive business practices, and the setting-up of standards for procedures. The COMESA is also envisioned as a regional competition agency, which can act as a forum for the exchange of views, consultations and conciliation on matters related to anti-competitive practices affecting regional and international trade.[58]

## *V. Developing a Framework-Based Competition Policy Approach in the Agrifood Retail Sector*

The previous chapter has established that the current competition policies are quite ineffective in dealing with the market concentration of a few giant retailers, with a number of them dealing mainly with consumer interest on prices. Traditional competition policy gives consideration merely to consumer benefits and not the producers who supply the retailers with the goods or produce.

Worse, the current competition or competition-like policies at the national level and proposals at the regional or multilateral levels are focused on the need for foreign firms to be accorded “national treatment,” which implies that foreign firms and their products be given equal, if not better, treatment than that given to local firms.[*59]

[*] As applied to the retailing sector, “national treatment” refers to the enjoyment by foreign retailers of all the domestic rights accorded their local counterparts, in addition to the other privileges and incentives that are provided to them. Given the clout, size and market power of foreign agrifood retailers, such national

By extension, the current competition policy proposals tend to echo the failed attempt at the WTO to make the principles of non-discrimination, national treatment, transparency and "procedural" fairness[**] binding for all Members.[***] The partial victory in Cancun will remain partial unless an alternative approach and strategy for competition policy are set in place. Otherwise, consolidation and further concentration in the agrifood sector will continue unabated.

The following approaches offer a variety of options for civil society engagements at both the national and international levels.

What we want to see at the end of the day is a set of competition policies that would not only safeguard consumer interests as regards price and product quality, but more importantly, the interests of small-scale producers (i.e. small farmers, independent or contract growers, family-based farmers, agricultural workers, independent cooperatives, and artisanal fishers and pastoralists), independent small retailers, traditional small processors and wholesalers, and market vendors who are being swept out of business by the increasing market power of agrifood retailers. Traditional competition policies that do not take the market power of these corporations into consideration, especially in the retail sector, will continue to be ineffective and inadequate.

Therefore, a new approach to competition policy that addresses the buyer power (giant retailers) in the supply chain is imperative. Buyer power (and, concomitantly, producer welfare), together with seller power/consumer welfare need to be taken into account in the development of national competition policies.

At the same time, such policies should incorporate fairness and equity as a norm of supermarket operations, instead of mere marketing gimmickry. Finally, such policies should ensure that the operations and interests of giant supermarkets would not take precedence over national development objectives (for both the North and South), socio-cultural needs, and the concerns for sustainability, health, environment and local community interests where these supermarkets are operating.

Developments in the global economy, especially in the agrifood sector, has made it imperative for a global competition policy to regulate not just monopolies or

treatment would only exacerbate the inequality in market outcomes, since local and traditional retailers are generally much smaller than foreign firms and transnational corporations.

[**] The concern on procedural fairness is that developing countries with legal systems that are dissimilar to developed countries or with insufficient resources will run the risk of not meeting the requisite standard of procedural fairness. Notions of fundamental fairness differ among legal systems and political and legal cultures, and there is as yet no broad consensus on the meaning of procedural fairness in the context of competition law enforcement.

[***] Prior to, and during the Cancun WTO Ministerial meeting, developing countries have been arguing that the core principles of non-discrimination, transparency and procedural fairness, developed as they were in the context of the original purpose of the GATT as an agreement to facilitate the reduction of barriers to international trade in goods, are not universally applicable to all issues. No single hard evidence exists to prove that these principles are either appropriate or desirable to be applied to competition policy.

monopsonies, but more so the market power of giant corporations. However, before plunging into the details of such international competition standards and policies, a new approach to national competition policies must first be ensured, especially for developing countries, to give them the necessary policy space in confronting the market power of the giant agrifood retailers.

Our experience at the WTO in the last 11 years has taught us one valuable lesson: unless sound national policies are in place (in this case, national competition policies and legislations), a "one-size-fits-all" multilateral agreement would only undermine the development needs of a particular country. Moreover, an independent multilateral body that would police and manage the anti-competitive behaviors of those who enjoy market power would succeed only if the above prerequisite is met. A number of organizations have already put forward the recipe of such a global competition entity.*

Thus, a new approach to competition policy remains a valid instrument in curbing the market power of corporations. But, as will be discussed in this chapter, such approach entails the active participation of different actors in ensuring that governments and those in authority do take the interests of consumers, producers and the principles of fair-trade, sustainable development, gender equality, and food sovereignty over and above the interests of giant corporations.

Equally important is the recognition that producers – those small scale producers, contract growers and independent farmers, small and medium-scale independent enterprises (including family-based farmers and independent growers in the North) –

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*"*If there is genuine international political will to establish a forum to manage anti-competitive behaviors, it would be preferable that a separate entity (**not through WTO)** be created that would coordinate capacity-building for developing countries, promote and mediate information sharing and cooperation between national competition authorities, and investigate and process cases of restrictive business practices at a level beyond state-to-state actions. This body should not involve industry bodies and should not be dominated by developed countries. Rather, it should have proper representation of developing countries in its governance, and encourage participation by civil society groups…The eventual aim for this organization would be to ensure that an effective binding regulatory framework existed that could tackle anti-competitive behavior by multinational companies at an international level.*" (ActionAid, "Competition Policy and the WTO." Available at http://www.actionaid.org.uk/_content/documents/competition2_3132004_122256.pdf)
A working paper commissioned by the South Centre enumerates the following points in international competition policies: "…*Developing countries require special treatment in the sense of being allowed to pursue competition policies, which are appropriate to their stage of development. There should certainly be no multilateral disciplines of the WTO-type obliging developing countries to have universal competition policies or, indeed, any competition policy at all if they do not think that the cost/benefit analysis of such a policy is worth their while… the best solution would be the establishment of an international competition authority, having proper representation of the South in its governance and not dominated by the North. The international competition authority would be charged with maintaining fair competition in the world economy and keeping the markets contestable by ensuring that the barriers-to-entry to late industrializers are kept at low levels. It would have the authority to scrutinize mega mergers, to prohibit them if necessary and, in any case, to deter the mega firms from abusing their dominant positions…*" (Singh, Ajit and Dhumalie, Rahul. "Competition Policy, Development and Developing Countries", Working Papers No.7 South Centre, November 1999. Available at http://www.southcentre.org/publications/workingpapers/wp07.pdf).

must be organized into cooperatives or similar associations. They must also be given proper training, marketing and management skills, credit schemes (for them to be able to obtain technology), and other technical expertise for them to be able to bargain for a better deal with agents or suppliers of giant retailers and improve their access to the buyer-driven chains.

There can be no real producer power unless the producers themselves are organized, in whatever form, so that they could transact business collectively with the giant grocers. NGOs and development agencies supporting small-scale producers must recognize the need for these producers to be organized first before they engaged in production methods, marketing and investment schemes.

### V.1 Government Accountability

The following alternative approaches would be meaningless if there was an assumption that governments were helpless entities against the growing market power of giant agrifood retailers. Certainly, market concentration and corporate monopoly operations did not start only in recent years or with the entry into the local markets of these agrifood retailers.

In almost all developing countries, the corporate sector is dominated by a handful of family-based conglomerates, which, more often than not, are associated or linked by family ties with those who run the government. The governance structure is generally weak and, almost always, there exists a common perception that political decisions and legislations are crafted to suit the business interests of those in power. Public service, therefore, is not viewed as independent from the business interests of those in authority.

For developing countries that have an existing competition law or competition-like policy, said policy is viewed as toothless and unserious, as governments have not done anything to address corporate monopoly practices. And whatever the government claims to be doing is done mainly for public relations – parading mostly hapless small fries as the big time culprit of anti-competitive malpractices. Corruption and the lack of transparency are concerns that have hounded all present and past governments of developing countries.

Certainly, these conditions are also present in developed countries,[*] but, unlike in developing countries, the governance structures, legal/judicial system and public service infrastructure are well in place in the former. There is also a vast difference in the level of economic development.

The demands for the introduction or re-evaluation of a regulatory mechanism and competition policy system are legitimate, both at the national and multilateral levels. However, the intentions of those who are currently pushing for a regulatory mechanism at

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[*] There are a number of well-documented briefing papers by US and European NGOs on the links between government and businesses, and corporate-driven EU and US policies. Visit the AAI website, www.agribusinessaccountability.org, for more information and other links.

the multilateral or regional level are quite different in that they seek to change the domestic agrifood system from one wherein a few home-grown, family-based conglomerates dominate the market, to one where there is equal, if not greater opportunity for a few foreign firms to compete for the local market.

Hence, governments must be held equally accountable for each alternative approach to be meaningful, as monitoring and evaluation of said alternative approaches to competition policies would still be done through State mechanisms**.**

### V.2 Fair Trade Principles

Although there has been an increase both in sales and consumer awareness on fair trade, the common perception that fair trade produce entail extra costs for consumers lingers. In the case of the poor consumers in the South, fair trade is seen mainly as a lifestyle and high-end niche market, given that fair trade products are initially produced mainly for export to the rich consumers of the North.

The growing market concentration of a few giant retailers, which pack and sell their own product lines at much lower prices, does not help the case of the more expensive fair trade products. Again, this is because the primary consideration of consumers, especially in developing countries, is the price and not whether the product was squeezed from producers, or if it was produced and processed in unsustainable and irresponsible ways.

Fair trade concepts and practices were originally a response by campaigners in the North to help disadvantaged small producers, usually in developing countries, through better prices, credit at reasonable rates of interest, and longer term direct and stable trading relationships.[60] By now, fair trade cuts across the North-South relations and, at least in Europe, most giant retailers do sell and "promote" their own line of fair trade products.

What is happening in Europe is a good test case for the future of fair trade, especially in light of the growing concern that "fair trade" is becoming a good marketing strategy for retailers. Other giant agrifood firms like Procter and Gamble have also entered the "fair trade" trade.

According to the UK Food Group, many agrifood retailers have positioned fair trade as an up-market niche. In effect, these retailers have made fairness and justice in trading a consumer choice – a test of their customers' willingness to pay for non-exploitative trading with primary producers – rather than a corporate standard and a means to transform their mainstream business. There is evidence however that retailers are the ones benefiting more from the higher-priced fair trade label than the producers.[61]

The public acceptability and recognition of fair trade practices is enough reason for giant retailers – being highly visible and image-conscious entities that they are – to engage in fair trade practices. These corporations know that engaging in fair trade does not alter their market power or change the imbalance of the structure of the markets.

However, using fair trade concepts as an alternative approach can greatly improve the terms that giant retailers have with small producers and other small contract growers.

At the national level, competition policies must incorporate the ingredients of fair trade concept/practices. The UK Food Group has outlined these possible ingredients: 1) direct purchase; 2) long-term relationships; 3) guaranteed minimum price and price premiums; and 4) payments in advance.[62]

Certainly, this is easier said than done. The growth of the market power of retailers is directly proportional to their dealings with individual contract growers or a host of suppliers that directly deal with unorganized, small-scale producers. Fair trade practices, in this regard, must ensure that, as much as possible, producers are organized through cooperatives or small farmer associations, which can bargain better and, whenever possible, directly deal with supermarket agents, thereby doing away with layers of middlemen and agents.

Long-term relationships create a more stable environment for producers to plan and re-invest in farms. The price element of fairness in trading can be achieved in theory by basing prices on the so-called "cost plus" methods: calculating production costs and building on a margin, which covers a reasonable return on labor and investment. Advance payment is a fair trade ingredient since pre-shipment finance is a significant barrier to the participation of many small and medium-scale enterprises.[63]

Again, the last three ingredients are only viable if the host of individual small producers and contract growers are organized into cooperatives or similar associations and given proper training to meet quality standards or buyer requirements. As stated earlier, there can be no real producer power unless the producers themselves are organized, trained and well-prepared to transact business with suppliers and retailers.

National competition policies, as a matter of course, must ensure that the supermarkets' dealings with small producers on one end, and consumers on the other end, are consistent with national/domestic policies on food and agriculture.

### V.3 Sustainable Development Principles

"Sustainable development," just like most development and social justice concepts, has evolved from its original concept to suit the narrow interests of those who want to camouflage their operations as sustainable development-friendly.

This paper argues for a sustainable approach using the Brundtland Commission Report (World Commission on Environment and Development) definition of sustainable development: "*Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts: the concept of 'needs', in particular, the essential needs of the world's poor, to which overriding priority should be given; and the idea of limitations imposed by the* *state of technology and social organization on the environment's ability to meet present and future needs."*

The Brundtland Report did say that the critical global environmental problems are primarily the result of, among others, "the non-sustainable patterns of consumption and production in the North"

As an alternative approach to curb the growing market power of giant agrifood retailers, a sustainable development approach would mean the promotion of an ecologically sustainable agrifood system that will protect and safeguard the environment for the present and future generations. Any operation (of the giant retail chains anywhere in the world) that runs contrary to this must automatically be rejected by such a competition policy.

Specifically, such a system would mean the sustainable utilization and renewal of productive resources and means of production (land, water, seeds, appropriate technologies and farming techniques). Such a system would protect the rights of small producers, indigenous peoples and local communities over genetic resources and associated knowledge (including the exchange, reproduction and conservation of seeds). Again, retailers must ensure that their operations, especially on the buying/production side, must adhere to these principles.

Before any franchise or branch of these retailers is approved for operations, a pre-establishment impact assessment must be carried out. At the minimum, retailers must comply with the minimum standards on environmental impact assessment, either through existing national laws or local government regulations or multilateral environmental standards and management.

More importantly, a social impact assessment must be included. Far from the usual practice of corporations of "inviting" local communities and other interest groups for a "consultation" and then reporting it afterwards as proof of the community's approval of a certain project (usually through the participants' registration sheet from the "consultation" session). This social impact assessment will be organized and conducted by the local community and other affected sectors (and appropriate government agency) with the potential retailer. And it is for the potential retailer to respond satisfactorily to all the questions, concerns and issues that will be raised.

For existing establishments (similar to the discussion on a redefined CSR in this chapter), the renewal of business operations would be contingent on the completion of both the environmental and social impact assessments.

A post-establishment environmental and social assessment regulation must also be set in place to monitor the operations of these supermarket chains from the production/buying side to the consumption/selling side.

In all these impact assessments, the precautionary principle will be applied.[*]

A sustainable development approach would also look at the sustainable fishing practices and agro-forestry management. The increase in the market share of giant supermarkets even on forestry and fish products has resulted to more intensive aquaculture (especially of shrimp) and destruction of mangroves and other critical areas. A sustainable development approach would promote sustainable community-based coastal resource use and management. In the case of critical areas, this would mean the promotion of local community natural resources use and management, based on indigenous and local knowledge, culture and experience.

In the end, governments at all levels must also be tasked to establish and develop their own appropriate sustainable development policies and priorities and modify obsolete "environmental" laws and regulations, which run counter to sustainable development principles. Governments should define their food and agriculture policies that are consistent with the goals and principles of sustainable development polices and priorities that they are to establish and develop.

### V.4 From the Lens of Social Reproduction

In general, women have experienced few concrete benefits and have been adversely affected in their living and development conditions as a result of government policies, both at the national and international levels. Accordingly, the design and implementation of agriculture and trade policies are gender blind in orientation, but not gender neutral in its effects.

A new approach to competition policy must have at its core a differentiated gender analysis. This is necessary to assess quantitatively and qualitatively the contribution of females-males as providers of food and livelihood security for their families who depend on the production of a specific crop for cash or for household food security.

The model of agrifood production that is being pursued by giant retailers will all the more impact on women as the number of women in developing countries working as seasonal workers, catering to the growing demand in horticulture production (fresh fruits, vegetables, and flowers or other ornamental plants) is increasing.

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[*] The precautionary principle is defined in the Rio Declaration on Environment and Development: "In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used for postponing cost-effective measures to prevent environmental degradation."

In other words, the burden of evidence to prove otherwise is not on the local communities or the affected sectors, but on the "investor" – in this case the agrifood retailer. If there is any concern or question that does not meet the satisfaction of the local communities, the precautionary principle should be applied. Until such time that they are able to answer these concerns, the approval of the retailers' operation will not be granted.

Women are more likely to be dependent on this type of unskilled and low pay labor because, generally, they have less education, land and money than men. Women have primary responsibility for housework, so that increasing participation in paid employment often means long working hours, making them more disempowered and likely to suffer health problems. In addition, because of their family responsibilities, women have less chance of securing permanent jobs and tend to move in and out of the employment market. [64]

As such, while more women are drawn into paid employment and their jobs could provide the income, security, and support needed to lift them and their families out of poverty, the reality is that women workers (may they be in plantations or factories) are systematically being denied their fair share. Commonly hired on short term contracts, if there is any at all, women work for long hours for low wages in unhealthy conditions. Moreover, they neither have sick leaves nor maternity leaves.[65]

Discrimination against women is very common in agriculture. For example, women in Burkina Faso do not have the right to own land or earn money directly from growing.[66]

In Chile, 75 percent of women in the agricultural sector are hired on temporary contracts picking fruit, and put in more than 60 hours a week during the season. Despite this, one in three still earns below the minimum wage. In South Africa, women comprise 69 percent of temporary and seasonal employees, working 11 hours per day during harvest time with neither paid leave, maternity leave nor security of employment.[67]

In flower and vegetable greenhouses – such as those in Ecuador, Guatemala, Kenya, Mexico and Zimbabwe – women are the majority of workers. However, they are often hired repeatedly on short contracts. In sectors driven by seasons, such as fruit production, women are typically brought in for seasonal jobs.[68]

As such, the integration of gender analysis should be understood as a crosscutting indicator that runs through all the possible indicators to consider. It has been demonstrated that women have the lowest incomes at the global level and less access to economic and productive resources. They are the most marginalized group, particularly within vulnerable geographical regions or socio-economic groups. Any negative consequence of a policy on women will not only be detrimental to their development as a group, but also to their families and communities because of their historical reproductive and multiplier role in society.[69]

### V.5 Food Sovereignty Concepts

As an alternative approach to competition policy, the food sovereignty concept is, first and foremost, a political platform that gives priority to the rights of peoples and communities to define and implement their own food and agriculture policies and programs based on their development needs and objectives, priorities, and unique circumstances. The food sovereignty concept stems from the historical and fundamental role of food and agriculture to society, both for the North and the South.

Over time, food sovereignty has included strategies for the following: 1) sustainable production, consumption and distribution of food; 2) production of adequate, safe, nutritional and culturally appropriate food; 3) ecologically sound food production; and 4) ensuring access of productive resources such as land, water, seeds and biodiversity for sustainable utilization.[70]

For a number of civil society organizations and social movements, food sovereignty is defined as *"the right of peoples to define their own food and agriculture; to protect and regulate domestic agricultural production and trade in order to achieve sustainable development objectives; to determine the extent to which they want to be self reliant; to restrict the dumping of products in their markets; and to provide local fisheries-based communities the priority in managing the use of, and the rights to, aquatic resources. Food sovereignty does not negate trade, but, rather, promotes the formulation of trade policies and practices that serve the rights of peoples to safe, healthy and ecologically sustainable production."*[71]

Giving flesh to this political definition, food sovereignty means that governments or those in authority (at the national, district/state, municipal, and, especially, at the local/community level) have the right to ensure that the food and agriculture policies reflect the development needs of the people/constituencies.

As an alternative approach to competition policy, the food sovereignty principle ensures that the practice and operations of giant agrifood retailers – both as a seller on the consumption side and, more importantly, as a buyer on the production side – must complement the food and agriculture policies and specific needs of a particular country, region or locality where they operate or wish to operate.

The rights and the improvements of the livelihoods of small-producers, independent growers, family-based farmers, small processors, independent cooperatives and agricultural workers, and artisanal fishers and pastoralists when applicable, must take precedence over the rights of these agrifood retailers. As for small fishers, this would mean ensuring that coastal and local fishing communities have the rights to the aquatic resources.

As such, agrifood retailers must respect the development of a diversified and community-based production system, catering first to the needs of local communities and, whatever national policies are designed, to ensure safe, healthy and ecologically sustainable production.

It is not enough that retailers source their goods "locally," if such sources are commercial farms or subsidiaries of the agrifood retailer. To illustrate, nearly 90 percent of Carrefour's goods sold in Indonesia are local products, but only 20 percent of these are produced by small and medium-sized enterprises. Most are sourced from Unilever, Nestle, and Procter and Gamble operations in Indonesia.[72]

Therefore, it is not enough to demand agrifood retailers to get their supplies/goods from "local sources," as the reality suggests that more and more agrifood retailers are really getting their goods from local suppliers and that these are, indeed, meant for local consumption.

The case, for instance, of Carrefour Indonesia procuring more and more of its supplies from local sources to be sold within Indonesia does not negate the current procurement system and private standards that these retailers have imposed, making it more difficult for small producers to transact business with them. Therefore, the problem is not whether modern retailers would buy local products and sell these locally; the problem lies with the "private standards" and the demands of retailers, which are making it more difficult for small farmers and other marginal producers to engage directly with retailers. This results in the concentration of a few suppliers, if not the expansion of commercial farms that are also co-owned or are into contracts with these retailers.

The concentration of a few suppliers and the expansion of commercial farms have led to the general increase in the number of small-landholding farmers, who end up as contract growers or as agricultural workers in commercial farms.

A food sovereignty approach likewise promotes the agro-ecological, sustainable agriculture for safe, healthy and locally produced food, which runs contrary to the chemical-intensive, mono-cropping, unsustainable and unhealthy (both for the agricultural workers and consumers) production system that agrifood retailers have been encouraging.

A food sovereignty approach also means the development and improvement of local food economies to ensure availability and access to foods that are locally produced and processed for local markets.[73] Again, this would be an exact opposite of the current model of producing and processing not for the needs of the local or nearby communities, but for the needs and demands of supermarket chains – whether for local distribution, processing and selling, or for export to their other supermarket branches scattered across the globe.

A food sovereignty approach promotes the development of local food economies based on local production, processing and distribution through the reintroduction of local food outlets, farmers' markets or small cooperative stalls. This, again, is diametrically opposed to a central procurement and distribution system that does not consider how and where the products are produced, and at what cost such production is to the communities, and the concerns for food security and the livelihoods of the small producers.

An approach using food sovereignty also guarantees the interests of local communities, consumers, and small and medium-scale retailers over the operations of an existing supermarket chain or a proposed new chain of giant grocers. Food sovereignty ensures that communities are the ones managing their own resources.

Food sovereignty as a political concept and State mechanism can go hand-in-hand with modern retailing and the operations of agrifood retailers.

Food sovereignty will not stop the buying and selling operations of agrifood retailers; it will only ensure that such operations do not undermine the rights of small producers on one hand, and consumer interests on the other hand. More importantly, food sovereignty will ensure the right of nations, local levels of government, communities, and peoples to decide and implement the appropriate food and agriculture policies based on their development needs and policy objectives.

### V.6 Redefining Core CSR Principles

A briefing paper in the UK reported of a consortium of corporations, NGOs and trade unions that developed an Ethical Trading Initiative's Base Code, which is aimed at improving working conditions and human rights in the work place. This set of minimum standards (hence, the term "base code") is applied by member companies in a wide range of retail and wholesaling sectors, including supermarkets.[74]

This and other so-called Corporate Social Responsibility (CSR) type initiatives do raise awareness among companies, especially high visibility companies like the giant retailers and supermarket chains. However, these standards are at the minimum being set by corporations. There is also no mechanism to monitor, for example, the kinds of contracts being entered into by these giant retailers with their suppliers, who have their own set of rules and contracts with the actual producers (the small contract growers and other small producers). In the case of standards, it is a problem from the onset for small producers to "meet" the high cost of investments in, and compliance to, such standards.

A coalition of Dutch civil society organizations (Dutch CSR Platform), in its CSR Frame of Reference, defined CSR as "*a process in which corporations take responsibility for the social, ecological and economic consequences of their actions – throughout their product and service delivery chains – making themselves accountable, and engaging in a dialogue with all those involved.*"[75] It remains to be seen but is worth our wait to see if such a coalition can be a model for us in engaging and influencing corporate "CSR."

At the multilateral level, the United Nations, through its Secretary-General, initiated a "Global Compact" that encourages companies to support universal environmental and social principles.[76] The Global Compact seeks to promote responsible corporate citizenship and mainstream the ten principles in business activities globally.

The ten principles are: <u>Human Rights - Principle 1</u>: Businesses should support and respect the protection of internationally proclaimed human rights; and <u>Principle 2:</u> make sure that they are not complicit in human rights abuses; <u>Labor Standards - Principle 3</u>:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labor; Principle 5: the effective abolition of child labor; and Principle 6: the elimination of discrimination in respect of employment and occupation; Environment - Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies; Anti-Corruption - Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

However, just like other noteworthy projects of the United Nations, the Global Compact is a purely voluntary initiative. It is also not an institutional entity with police and enforcement powers to make companies recognize, much less comply with, the 10 principles. The UN hopes that the enlightened self interest of companies can compensate for its lack of enforcement mechanisms.

On August 13, 2003, the UN Sub-Commission (Commission on Human Rights) on the Promotion and Protection of Human Rights adopted the “Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights”.[77] These "Norms" enumerate a number of UN treaties and universal declarations that corporations are obligated to respect and recognize their responsibilities with regard to: 1) right to equal opportunity and non-discriminatory treatment; 2) right to security of persons; 3) rights of workers; 4) respect for national sovereignty and human rights; 5) obligations with regard to consumer protection; and 6) obligations with regard to environmental protection. However, a UN Resolution (outside of the Security Council) is only binding if national governments shall establish and reinforce the necessary legal and administrative framework for ensuring that the Norms and other relevant national and international laws are implemented by transnational corporations and other business enterprises.

Voluntary efforts and self regulation of corporations are the working principles for both the UN Norms and the Global Compact. So far, this approach has been ineffective, as shown in this paper. For some development organizations, the thrust is to make corporations accountable, and not merely “socially responsible.”

But then again, how can corporations be made accountable and responsible?

A competition policy that will redefine the CSR approach to one of equity, social obligation and fairness at its core is a welcome approach. We are all witness to the limits of a self-regulated system of the corporations. A redefinition of the CSR approach is one where there is an enabling national competition policy to regulate “corporate social responsibility.”

Such competition policy would develop a set of guidelines to ensure equity, social obligation and fairness of companies, or, in this case, retailers that are engaged or wish to engage in doing business in a particular country. Instead of corporations setting their standards, governments can draft guidelines for retailers, for example, to meet certain labor or environmental standards. The interests of both the producers and consumers take precedence over the private interests of corporations. As such, corporations are bound to fulfill such a basic obligation.

Incorporating the ingredients of fair trade, as earlier discussed, on a bigger platform may be part of the standards to be developed by national competition authorities. Such standards would, therefore, include the same fair trade principles of: 1) direct purchase; 2) long term relationships; 3) guaranteed minimum price and price premiums and; 4) payments in advance.

There is no single formula for such guidelines. Each country will almost certainly have different sets of guidelines based on their development objective, social and cultural priorities, environmental goals and economic capacities.

During the Multilateral Agreement on Investments (MAI) debates in the late 90s, a number of citizens' groups came up with a proposed alternative approach to MAI.[78]

Taking off from this, a national competition policy can impose a set of performance requirements (aside from the fair trade ingredients discussed earlier) for corporations to fulfill their social obligations. Such requirements may include:

1. Job Creation – a number of studies have contradicted most supermarkets' claim of creating jobs. One study, which compares national retail employment in the UK between 1991 and 1995 against employment claims by supermarkets, notes that, while grocery retail sales increased in that period by 12.3 percent, grocery retail employment did not grow at the same rate, but by a measly 2.7 percent. In 2004, small grocery shops had a total turnover of around 21 billion UK pounds and employed more than 500,000 people. The big supermarket chains had much bigger sales. Tesco's sales alone amounted to 29 billion UK pounds, and yet, Tesco employed only around 770,000 people.[79]

In most developing countries, jobs are scarce and retailers tend to take advantage of this situation. Hence, authorities should impose a set of performance requirements that would compel retailers to respect the national labor code, minimum wage, workers' benefits and privileges, and other similar legislations that protect job applicants and workers.

2. Labor Standards – at the minimum, these giant retailers should allow its employees and workers the freedom to form unions and collectively bargain. Retailers must recognize these unions under existing national labor laws. In many instances, forming unions is difficult given that most workers are hired on a contractual basis, usually for a period of only 6-9 months. This performance requirement would compel retailers to do away with the practice of sub-contracting workers through agencies and, instead, hire workers directly on a more regular or permanent basis. National laws governing labor unions, collective bargaining agreements, labor disputes, wage hikes,

pensions and insurance, social security, and health and safety regulations must be recognized by these retailers.

This labor standard would also apply in the production/buying side of the agrifood retailers. Such standard must be applied to all the suppliers and subsidiaries of the retailers who procure the produce from plantations and commercial farms.

There is also an ILO-based core labor standards,[*] which the different levels of government (national and local) can impose to retailers as a minimum requirement. These are in addition to national laws or policies that might not be proportionate to the size and operations of the agrifood retailers.

3. Environmental and Health Safeguards – retailers must adhere to national legislations, regulations, restrictions and local council resolutions/ordinances relating to environmental and ecological concerns, food safety, and food labeling.

4. A strict but transparent planning policy by local authorities, in collaboration with national competition authorities or similar bodies in the absence of one, to protect the community and surrounding areas where giant retailers are planning to build their retail shops must be put in place. For existing supermarkets, a condition for the renewal of business permits is to involve the communities in setting policies that support community projects, local sustainable development projects, and labor, environment and health standards concerns.

5. For other NGOs, another demand is the creation of a permanent supermarket watchdog where supermarkets operate to protect the interests of consumers, producers and the small to medium-scale independent retailers and market vendors in the locality.[80] Other proposals include complementary corporate accountability legislations at the national parliaments or local/city councils to make retailers accountable for the negative impacts of their operations to local communities, producers, workers, independent retailers and consumers.

Agrifood corporations, especially those with immense market power, would only be forced to “re-examine” corporate social responsibility if these new approaches to competition policies are operationalized; in addition with more responsible and informed consumers, more vigilant communities, and better organized small growers and independent producers.

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[*] Freedom of association and the right to collective bargaining; A ban on forced labor; A ban on child labor; A ban on discrimination in the workplace and in professions; The right to security of employment; The right to a living wage; The right to safe and sound working conditions; and Compliance with the maximum number of working hours (CSR Frame of Reference, Coalition of Dutch CSOs and Trade Unions actively promoting CSR. Available at www.mvo-platforum.nl)

## V.7 Public Sector Interventions

The current global agriculture and trading system is one that encourages the market concentration of giant agrifood retailers. Before any proposal is made for a multilateral framework of competition policy to curb cartels, anti-competitive behaviors and restrictive business practices (i.e. the market concentration of giant retailers), national governments must first ensure a sound national competition policy that puts at its core the alternative approaches enumerated in this chapter.

Our experience from the World Trade Organization in the last 11 years has demonstrated the need for clear national policy goals and development objectives, whether in agriculture, services, industrial goods, investments or competition policies, before we even consider any multilateral arrangement or agreement.

Developing countries should implement trade and competition policies that would address their development needs and interests. As what has been discussed throughout this paper, the case of the giant agrifood retailers is beyond what previous jurisprudence on competition laws have referred to as monopoly or monopsony powers.

In summary, first, there is a need for a set of national legislations and regulations on competition policy to address the growing market power of retailers. At the same time, such competition policies must complement national development objectives.

A number of UK NGOs, for example, have demanded more formal UK regulations in order to effectively deal with buyer power and ensure fair treatment of all suppliers. These regulations include: 1) legally binding and clearly-worded rules to ensure fair treatment of all suppliers – whether in the UK or abroad -- supplying directly or through intermediaries; 2) an independent retail supervisor and regulator who pro-actively monitors the breach of interests of farmers and small suppliers, protects complainants, ensures that the binding rules are followed (mediation and legal action), makes findings public, and recommends necessary changes to the rules; 3) support for local shops from local authorities and the government; and 4) measures that hold supermarkets accountable for internationally recognized workers' rights throughout their supply chain.[81]

From a development perspective, there is a fundamental imperative to build, develop and reinforce national capacity, especially through domestic enterprises, by developing the scales and coordination necessary to enable them to compete effectively in the face of large-scale intrusion in the domestic economy as a result of increasing liberalization.[82]

### *State Trading Enterprises*

The case for the retention or re-introduction of State Trading Enterprises (STEs) has been one of the issues raised by developing countries during the Cancun WTO Ministerial in opposing the introduction of Competition Policies (one of the four so-called News Issues – the others being trade facilitation, government procurement, and investment). Under the proposal, state trading enterprises could fall under the category of "hard core cartels," since there was no clear and accepted definition and distinction between private enterprise and public interest.

A number of countries in Asia like the Philippines (National Food Authority or NFA), Indonesia (Badan Urusan Logistik or BULOG) and India (Food Corporation of India) have state trading enterprises that provide service for the greater good of the public. Both BULOG and the NFA were created to stabilize the price of rice – given that rice as a staple to both these countries are political commodities that must remain affordable to consumers.

The range of operations of STEs includes domestic price stabilization, market regulation, and control and promotion of exports. They are not monopolies (or hard core cartels, for that matter) for private interests, but are state-sanctioned monopolies with a wide range of market interventions, such as the regulation and purchase of domestic output; setting of consumer and producer prices; control of domestic distribution; and conduct of foreign trade.

In a report published in 2002, the UN Food and Agriculture Organization (FAO) argues for the need of developing countries to continue to have the right to conduct state trading operations:

- Most STEs in developing countries are too small to be able to influence world prices, and as such, their potential to distort international markets is minimal;
- Many developing countries have social objectives for their state trading activities - such as food security and rural development - that are not entirely consistent with market incentives;
- Nonetheless, case studies have clearly illustrated that STEs in developing countries have become increasingly open with regard to their pricing policies, and many now “share” markets with private traders;
- The market for agricultural commodities is, often, not perfectly competitive; hence, some form of collective trading entity may be desirable to increase local bargaining power and enable developing countries to offset the monopolistic behavior of private sector agents;
- The prevalence of market failures in many developing countries, particularly in the provision of agricultural inputs, credit, and marketing services, could justify a continuing role for state involvement in agricultural markets.[83]

In addition, the objectives and activities of STEs extend well beyond the control of external trade to encompass broader concerns such as rural development and food security. Often, they seek to compensate for the greater incidence of market failure in these economies.

Further, the same report states that most monopoly-exporting STEs are located in developed countries, and most of the monopoly-importing STEs that are large enough to affect international markets are also in those countries, not in developing countries.

Putting the STEs in perspective of the growing market power of giant retailers, the same overriding interests apply. National competition policies, far from the core liberalization principles of *“non-discrimination, transparency and procedural fairness,”* should be in line with national development needs and objectives, rather than the market concentration objectives of Wal-mart, Carrefour, Tesco or any other local giant retailer operating in the country.

Civil society and other interest groups should immediately demand for a comprehensive national market study through the National Competition Authorities (if such are already in place), that would examine the wider impacts of the growing market power of a few agrifood corporations in the retail sector.

## *VI. Final Words*

These different approaches are not ranked according to importance or priority. Actors at the international, national and local levels would have different approaches based on their organizational mandate, political objectives and orientations, constituencies, organizational limitations, and capacities.

As there is neither a single blueprint for national development objectives nor a one-size-fits-all set of food and agriculture policies that every country should adopt, NGOs, development agencies, social movements and other political actors and interest groups can take any of these approaches, combine one or two or complement these with other ongoing initiatives or mechanisms that were not discussed in this paper

It is hoped that this paper can contribute, to complement, and be an integral element of all ongoing initiatives or future advocacies that seek to curb the growing market power of giant agrifood retailers.

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The Foundation's primary objective is to support political education both within Germany and abroad, thus promoting democratic involvement, sociopolitical activism, and cross-cultural understanding.

The Foundation also provides support for art and culture, science and research, and developmental cooperation. Its activities are guided by the fundamental political values of ecology, democracy, solidarity, and non-violence.

By way of its international collaboration with a large number of project partners - currently numbering about 150 projects in almost 60 countries - the Foundation aims to strengthen ecological and civil activism on a global level, to intensify the exchange of ideas and experiences, and to keep our sensibilities alert for change. The Heinrich Böll Foundation's collaboration on sociopolitical education programs with its project partners abroad is on a long-term basis. Additional important instruments of international cooperation include visitor programs, which enhance the exchange of experiences and of political networking, as well as basic and advanced training programs for committed activists.

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