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Prospects for Labour in Global Value Chains. Labour Standards in the Cut Flower and Banana Industries

Short Title: Prospects for Labour in Global Value Chains

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Abstract

Global value chain (GVC) governance is central to analyses of labour's strategic options. It frames the terrain on which labour campaigns and institutions – such as Private Social Standards and International Framework Agreements – contribute to the social regulation of value chains. GVC concepts help to emphasise how power in the employment relationship transcends organisational boundaries, as well as how industrial power is shifting from the sphere of production to that of consumption. Based on extensive case studies of the banana and cut flower value chains, we explore the implications of GVC restructuring for the scope and form of labour rights strategies.

I. Introduction

Since the 1970/80s, various processes of economic globalisation have eroded established foundations of labour. A series of those changes have been analysed in labour and industrial relations research, however, a curious disjunction has occurred in analysing the implications of how global production is being restructured. While labour has recognised the value of chain and network concepts of global production for developing new strategies (Quan 2008; Women Working Worldwide 2004; Lund & Wright 2003), academic industrial relations research has so far made little of the implications of these concepts for labour. Economic globalisation has led to a functional integration of production activities (Dicken 2007); multinational corporations (MNCs) have become key actors in restructuring nationally-based production systems into global and regional inter-firm networks as well as in coordinating and controlling these complex value chains (Dicken 2007; Gereffi & Korzeniewicz 1994). Arguably these developments constitute a 'global shift' in the terrain on which labour strategises and campaigns.

We use one relevant approach – global value chain (GVC) analysis – to explore two different, but interrelated, aspects of how GVCs structure capital-labour relations: first, power in work, employment and industrial relations transcends organisational and institutional boundaries, that is across enterprises and sectors. Second, there are important shifts in the way power is distributed over the spheres of production and consumption, with GVC restructuring being dominated more and more by retailers and branded marketers. Such developments obviously have implications for labour relations at the company and sector level, but also for forms of international trade union cooperation. While GVC analysis has not in itself dealt much with issues of labour and industrial relations, it offers a useful tool to analyse the global political economy in which labour operates and helps to draw out crucial implications for how power is distributed in the employment relationship.

This ‘global shift’ in labour’s terrain across space and scale has been reflected in the evolution of international labour strategies vis-à-vis MNCs as well as in more recent attempts at regulating work, employment and labour relations at the international level. While developments around World Works Councils and internationally coordinated bargaining strategies within MNCs in the 1960/70s focused on ‘intra-firm’ and ‘inter-national’ strategies, particularly in the automobile, chemical and food industries (e.g. Gallin 2008), labour campaigns in the following decades targeted the ‘inter-governmental’ level and ‘global’ tools to link labour standards with trade regulation within the GATT (General Agreement on Tariffs and Trade) and later the WTO (World Trade Organisation) (van Roozendaal 2002). These efforts proved unsuccessful, indicating a need for labour to build new forms of international cooperation.

What has emerged is a multi-faceted approach which involves union networks across different geographical places and scales, and links trade unions, community organisations, labour friendly non-governmental organisations (NGOs) as well as consumer campaigning organisations (Herod

2001, Wills 2001). Multi-lateral norms, particularly the International Labour Organisation's core labour standards (ILO 1998), are central to many campaigns which have resulted in new regulatory tools at the company level (e.g. so-called International Framework Agreements - IFAs; see Hammer 2008; 2005) and private social standards (PSSs) (e.g. multi-stakeholder codes at industry level; see O'Rourke 2006; Weil & Mallo 2007).¹ What is key here is the attempt to implement and enforce labour standards via the power of lead MNCs, creditors, or international organisations in supplier and subcontractor companies along the supply chain.

Thus, both from an analytic as well as a strategic perspective global restructuring has challenged established approaches to social regulation as well as labour and industrial relations. Shifts in global production have underlined the role different forms of GVC governance and inter-firm coordination play in structuring the organisational and spatial links between the spheres of production, retail, and consumption. We argue that analyses of labour in the global economy need to take account of how GVCs shape the terrain for labour to build international networks, strategies and campaigns for labour rights. Furthermore, analyses of GVC restructuring and governance itself need to integrate the role of labour in shaping global value production as well as in '*actively produc[ing] economic spaces and scales in particular ways*' (Herod, 2001; 46). In this paper we argue, that GVC governance frames key elements of labour's strategic terrain as well as the ways in which it can use tools such as IFAs and PSSs to socially regulate GVCs. Based on case studies of the cut flower and banana value chains, we widen the use of GVC analysis and theoretically explore its value in investigating the scope for different labour rights strategies and forms of social regulation. In the following section we provide a critical overview of relevant GVC concepts and link them to an understanding of labour's embeddedness and agency. On the basis of this framework, Section 3 discusses extensive case studies of the banana and cut flower value chains, assessing how forms of GVC governance structure the way power is distributed along

chains and how, in reverse, labour might use IFAs and PSSs to shape value chains via the power of lead firms. The conclusion expands on the theoretical implications GVCs have for labour strategies to advance labour rights as well as for international trade union cooperation.

2. Putting Labour Into Global Value Chains

What conventionally is subsumed under GVC analysis is, in fact, a relatively broad church stemming from different phases of theory development as well as different disciplines (see e.g. Bair 2009; Bair 2008; Gibbon et al. 2008). What lies at the heart of these debates is the extent to which a differentiated concept of value chain and network governance can be developed while appreciating the embeddedness of different nodes in the chain. In order to analyse labour in GVCs, we argue, both the concepts of power and embeddedness are crucial. We adopt the notion of ‘governance as drivenness’ (Bair 2009; Gereffi 1994) which underscores the *power* of lead firms to shape rules along a value chain (as opposed to the focus on ‘governance as coordination’ between two links in the chain, Gereffi et al. 2005)². At the same time we emphasise the embedded nature of labour and production (Castree et al. 2004; Hess 2008). With regard to GVC analysis we look at three concepts in particular: the functional division of labour in GVCs, the degree to which firms drive the chain, and the mechanisms through which this drivenness operates. With regard to an adequate notion of labour agency in GVCs it is important to analyse how particular forms of GVC governance shape the terrain for labour agency as well as the role labour plays in shaping GVC governance. GVCs need to be treated as an emergent phenomenon with its particular structures and power relations that constrain and enable strategies by collective labour in particular ways; at the same time, labour agency needs to be

understood in the context of the embedded nature of social relations of production. In fact, some labour campaigns against lead firms in GVCs combine global links along the chain with community-based strategies (Wills 2001). By emphasising the interrelations between the reorganisation of inter-firm networks on the one hand, and labour agency transcending space and scale on the other, we link GVC analysis to labour geography.

GVC Governance and Power: The Terrain for Labour

The issue of power in inter-firm networks is elaborated in work on governance in GVCs by Gereffi, defined as “authority and power relationships that determine how financial, material, and human resources are allocated and flow within a chain” (1994: 97). Governance thus refers to the process of organising activities across organisations with the purpose of achieving a certain functional division of labour along a value chain. Initially, Gereffi focused on the *functional position* of powerful firms and distinguished between two forms of overall chain governance – producer- and buyer-driven value chains. The former are usually found in sectors with high technological and capital requirements which means that GVC governance is shaped very much by firms that control technological and productive assets. In buyer-driven chains it is information costs, product design, advertising and advanced supply management systems that set the entry barriers. In these chains production functions are usually outsourced, leaving key decisions on what is to be produced, by whom, and in what ways to the retailers and brand name companies (Gereffi 1994). Thus, the functional division of labour in GVCs, based on the division of economic rents (stemming from technology, trade policy, etc.), results in specific distributions of gains, and sets terms of participation and of exclusion (Ponte 2008).

This, abbreviated, conceptual core of GVC analysis has been criticised and developed further from within as well as by alternative approaches. Issue was taken with the polarity and linearity of

GVCs, the degree and mechanisms through which power in GVCs is exercised, and with regard to the embeddedness of local-global production networks. First, the overall chain dichotomy and metaphor was blurred in that notions of polarity and linearity were qualified (Henderson et al. 2002; Smith et al. 2002). The distinction between buyer- and producer-driven GVCs neither captures the full range nor the dynamics of value chain governance. The categories of ‘buyer’ and ‘producer’ cover a variety of types of lead firms who may ‘drive’ chains in different ways; buyers, for example, include retailers, branded marketers, industrial processors and international traders. Furthermore, value chains are not necessarily unipolar (i.e. driven by one category of lead firms) or organised according to one linear ‘strand’. Regarding the latter, for example, we show that not all lead firms exercise upstream power³ through similarly organised inter-firm networks; in fact different value chain ‘strands’ can overlap. Regarding the former, we show that value chains can be bipolar, i.e. driven by two lead firms located in different functional positions (Fold 2002; Sturgeon 2002). This is the case for the banana value chain which also shows how some GVCs can move from one category to the other. In some producer-driven chains, for example, producers are increasingly outsourcing production or component manufacture while keeping control of promotion and marketing of the brand names on which market access is based – thereby blurring the overall chain dichotomy in favour of buyer-driven features (Ponte 2008; Sturgeon et al. 2008). These differentiations in GVC concepts allow a clearer view of the inter-firm linkages and power dynamics that structure labour’s strategic terrains (e.g. within the same industry or place).

Second, what is important beyond the functional position of powerful firms, is the degree and mechanisms through which GVCs are ‘driven’ by one or several categories of lead firms. “The ‘drivenness’ of buyer-driven chains derives from the role of powerful lead firms in making and enforcing decisions about product design and manufacturing processes used in the chain” (Dolan & Humphrey, 2004; 492). Drivenness is a measurement of power and describes the capability in

determining the functional division of labour along the value chain, in setting quality and other demands, and in dictating the terms of participation or exclusion, as well as the rewards of participation. It can be seen on a continuum from highly to not driven at all (Ponte 2008). What is crucial for labour here are the mechanisms through which firms drive GVCs. Lead firms can drive GVCs in a *hands-on* way, a *hands-off* way and the wide spectrum in between. Hands-on drivenness, for example, is characterised by long-term contracts, explicit control of suppliers and regular engagement between suppliers and buyers. It refers to relations where power is exerted directly by lead firms on suppliers, in a way which, in its extreme, is comparable to the direct managerial control that headquarters might exert over subordinates in an offshore subsidiary or affiliate of a vertically integrated firm. Conversely, hands-off drivenness is characterised by the use of specifications that can be transmitted in codified and measurable or auditable ways and the ability to set standards that are followed along a GVC (Kaplinsky & Morris 2008; Ponte & Gibbon 2005).

Third, while successive debates have led to a differentiation of the concepts of GVC governance and embeddedness (Bair, 2009; 356; Bair 2008; Gibbon et al. 2008; Hess 2008), it seems crucial to retain both a concept of power and embeddedness. This is particularly relevant for an analysis of the local and institutional embeddedness of labour as an actor in emergent networks of global production. A useful concept in this regard is that of local labour control regimes (LLCRs) (see Castree et al. 2004) which are defined as

[a] historically contingent and territorially embedded set of mechanisms which coordinate the reciprocities between production, work, consumption and labour reproduction within a local labour market. (Jonas, 1996; 325)

It can be assumed that producer-driven chains integrate local labour markets in different ways than buyer-driven chains (e.g. along dimensions such as skills, wages, employment and industrial relations regulations) and thereby shape LLCRs. Conversely, as highlighted in the experience of Special Economic Zones, the specific constitution of LLCRs shapes the way local production is linked into GVCs. Certainly with regard to ‘governance as drivenness’, we would see embeddedness as conceptualised in the literature on global production networks and LLCRs more complementary than competing with GVC concepts (see also Bair 2008; Sturgeon et al. 2008). The governance of value chains remains central for understanding how power is exerted and distributed in GVCs. Governance, we argue, should therefore also be central when analysing labour’s strategic options and room for manoeuvre.

Placing Labour in the GVC Framework

In the beginning we stated a paradox in that labour has made use of (supply) chain concepts for developing strategies (Lund & Wright 2003; Quan 2008; Women Working Worldwide 2004) while academic approaches have left labour largely out of global chain and network concepts. Most engagement of GVC concepts with labour has either been concerned with the impact of chain restructuring on work and employment, or with labour’s options to exploit the brand sensitivity of end-buyers. So far, however, there has been little systematic exploration of the impact of GVC governance on capital-labour relations. Linking those intentions, Bair and Ramsay’s (2003) article constitutes an exception as they develop a contingency approach on the implications of different value chain dynamics for labour. Here, a consideration of MNCs’ options and leverage to outsource functions and relocate production serves as a basis to analyse labour’s strategic leverage points in GVCs. While yielding interesting insights, however, such a contingency approach tends to underestimate the role of power stemming from chain governance or, in other words, the strategic selectivity of GVC governance for labour.

The social regulation of GVCs has been addressed, mainly through analyses of the most visible tools of shaping work and employment along value chains: private social standards (PSSs) and International Framework Agreements (IFAs). On one hand, the GVC framework has been used to analyse how value chain restructuring has consequences for working conditions and employment at the point of production. Bair and Gereffi (2001), for example, assess the diverse consequences of restructuring in the global apparel industry for workers in an industrial cluster in Mexico while Locke et al. (2007) study the role of Nike's code of conduct for working conditions in its supply chain. Very advanced in this respect is research from a development angle: Barrientos (2003) uses the GVC framework to explore how organizational restructuring by global firms has encouraged flexibilization and feminization of work at the production end of global value chains (see also Hale & Wills 2007; Oxfam 2004). Another strand, feeding into a critical evaluation of corporate social responsibility, explores the gender sensitivity of PSSs and combines global value chain and gendered economy approaches (Barrientos et al. 2003; Barrientos & Smith 2007; Hale & Opondo 2005). These approaches all try to look at what GVCs mean for (local) labour. However, they focus on the impact of inter-firm dynamics on work and employment and thereby largely neglect labour as a collective actor. This underestimates how local labour relations influence access to and the social regulation of (specific nodes in) GVCs, as well as the role of GVC governance on labour capacity. While we agree with the direction of these arguments (which broadens the scope of GVC analysis to include the impact on labour), we hold that GVC analysis and labour agency have rarely been systematically integrated.

Going further, though, there is an emerging body of work that analyses PSSs and IFAs from the perspective of labour. While Riisgaard (2005) and Wills (2002) analyse labour campaigns to conclude IFAs, Riisgaard (2009) and Rodriguez-Garavito (2005) discuss how PSSs differ in the degree to which they enable local labour organizations and workers to mobilize and organise.

Hale and Wills (2007) study labour agency at the supply end of GVCs and how links to Northern activist groups and knowledge about supply chain linkages are used to pressure end-buyers into taking responsibility for employment conditions at suppliers and sub-contractors. These studies to varying degrees highlight the benefits of integrating power in GVCs with the specific strategies of resistance by embedded labour. In this paper we seek to develop this endeavour further by systematically analysing the way labour strategies are both constrained and enabled by particular forms of GVC governance. A brief revisit of the GVC concepts outlined above highlight what governance means for labour's room for manoeuvre.

Implications of GVC Governance for Labour

To start with, we have to recognise how the original distinction of producer- versus buyer-driven chains does retain some explanatory power with regard to labour's strategic options. The fundamental aspect here is that in buyer-driven (as opposed to producer-driven) value chains the workplace is separated from the site of industrial and political power. Thus, while the lead firm in any chain is often distant from the actual point of production (via numerous tiers of suppliers), the locus of power in buyer-driven chains lies not with the material production but with design, branding, and retailing. Both, the (geographical) relocation as well as the (organisational) outsourcing of production were always based on exploitation of local labour control and factory regimes different from those in the Global North. However, it is the organisational and political distance between the workplace and the driver of the chain that frames power in buyer-driven value chains. From the perspective of labour geography this underscores the social and political character of place, space and scale and we would argue that it is labour coalitions beyond the workplace that have a strategic advantage in a buyer-driven terrain, i.e. strategies that link workplaces with local communities (in the South), other social movements, as well as consumer organisations (in the markets of the North).

Beyond the functional dynamic, it is the GVC's level of drivenness that underlies an MNC's leverage to impose criteria (e.g. labour standards) along the chain. Highly driven value chains, however, also open the strategic option of targeting the powerful actor(s) in the chain, the driver(s), whereas labour will find it much more difficult to systematically tackle less driven chains, particularly when they are characterised by market-based relationships. What unites highly driven value chains, indifferent of the functional position of the drivers, is the power and role of the lead MNC(s) which provides an entry point for labour rights actors as well as potential leverage in conflicts. The mechanisms of drivenness – hands-on/hands-off – describe how the coordination of production is managed across organisational boundaries. In producer driven chains it is vertical integration or hands-on coordination that constitute the main entry point for labour as they provide a relatively stable industrial and management structure (even though this might be across company boundaries) for labour to negotiate with and campaign against (on the basis of established union organisation).

Different modes of GVC governance provide different rooms for manoeuvre for labour to regulate employment conditions along value chains. Equally, the capacity to shape GVC governance cannot be separated from the nature of embedded labour and the specific LLCRs and factory regimes. This is underlined by the context and proliferation of IFAs and PSSs. Framework agreements, for example, are found within traditionally producer-driven chains where the structure of industrial and political power overlaps to a significant extent with established forms of union organisation and industrial action (coordinated through the Global Union Federations at the international level). PSSs, particularly when managed by multi-stakeholder initiatives, are more flexible to include actors in – social movement and/or consumer – spaces and scales that are better situated to exert counter-power vis-à-vis the industrial and political powers of buyer-driven chains. While a considerable number of IFAs are geared to the entire

supply chain of a particular MNC, PSSs' implementation and monitoring logic is often that of a plantation-by-plantation (or factory-by-factory) approach. In terms of chain coverage, both mechanisms are largely limited to regulating workers at the production level. IFAs and PSSs constitute avenues for labour to shape the governance of value chains, by using the power of lead firms for enforcement and transforming aspects of the employment relationship into entry barriers for participation in the chain. The above analysis of labour in GVCs would suggest that IFAs and PSSs provide different strategic tools for labour, are relevant in different structural (GVC) contexts and answer different challenges to labour. The examples of the banana and cut flower value chains in the following section will illustrate and substantiate this argument.

3. Labour in the Banana and Cut Flower Value Chains

We now turn to the horticultural sector for an exploratory analysis of the connections between GVC governance, social regulation and labour agency. The chosen banana and cut flower value chains provide matched cases of labour intensive agricultural chains, each containing two distinct value chain strands (the main avenues for the products in the respective chains) with different governance structures and implications for labour and social regulation. In bananas, the focus is on Latin American exports to the EU and the US, made up of a direct strand (where banana-MNCs export to large retailers) and a wholesale strand (where bananas pass through wholesalers in the end markets). Here we find an IFA, achieved on the back of a historically strong labour organisation in the Latin American banana industry (as opposed to anywhere else in banana

production). The African cut flower chain to European consumer markets shows a direct value chain strand (where flowers are imported directly by large retailers) and an auction strand (where flowers pass through the Dutch auction system). In this case it is PSSs, initiated in consumer markets and based on a broad coalition of actors that aim to secure labour rights at the workplace.

Both cases are based on extensive field research (for details, see Riisgaard 2009). Work on the IFA in bananas involved visits to 12 plantations, Chiquita owned and Chiquita suppliers, in Guatemala, Honduras, Costa Rica and Nicaragua. 61 interviews were conducted in 2002 with banana workers as well as union and Chiquita representatives at local, national and regional level. The research on cut flowers covered all (10) export flower farms in Tanzania and 10 farms (out of approximately 150) in Kenya (carried out in 2006). A total of 93 interviews were conducted at national as well as district- and farm-branch level with management, worker and union representatives, and labour NGOs as well as industry organizations, industry consultants, and standard organizations.

3.1 TARGETING PRODUCER AND BUYER POWER IN THE BANANA GVC

Traditionally, the international banana value chain was producer-driven, with the large banana-MNCs playing a dominant role in setting the rules of the game. The five biggest banana operators (Dole Food Company, Chiquita, Fresh Del Monte, Noboa and Fyffes) continue to control around 80% of world exports (Kastele & Stichele 2005). However, this producer-driven oligopoly has come under attack in recent decades.

On the one hand, banana MNCs were challenged as increasing concentration and consolidation in retail chains have allowed the latter to exert a higher degree of influence over the value chain. Retailers increasingly determine conditions of production and distribution, create competition among producer MNCs for preferred supplier status, and thereby reap a higher share of the profits (Kastele & Stichele 2005; UNCTAD 2003). On the other hand, over the last 20 years banana MNCs have moved away from direct growing in order to focus on more specific marketing and distribution activities. However, the degree of outsourcing varies between companies. Chiquita has so far maintained around 40-50% of its production in-house; Fresh Del Monte, Dole and Noboa retain 28%, 25% and 20% respectively of own production, while Fyffes has no plantations of its own (Kastele & Stichele 2005). This direct strand of the banana value chain can thus be said to be moving from a producer-driven strand (driven by vertically integrated banana-MNCs) towards a more buyer-driven and bipolar strand (driven by large retailers and by MNCs which increasingly are outsourcing direct ownership of production).

Although the big banana-MNCs control around 80% of world exports, other market channels also exist. The remaining 20% of exports are very fragmented, and mainly consist of independent growers selling to smaller exporting companies onto importers, ripeners and wholesalers. However, this value chain strand often still uses parts of the infrastructure controlled by the large banana-MNCs (Kastele & Stichele 2005; UNCTAD 2003). In Figure 1 we contrast a direct strand of the value chain (illustrated via Chiquita) with the wholesale oriented strand of the value chain.

Insert Figure 1 about here.

Brand-sensitive buyers and producers in the direct strand are able to drive the chain and build very hands-on forms of control over the up-stream part of the chain. For example, banana MNCs increasingly establish long term supply contracts with independent growers, specifying

shapes, quantities, standards of quality, packaging etc. In many cases they provide inputs in order to control quality and exercise a 'hands-on' coordination of suppliers via regular inspections (UNCTAD 2006). Dole, for example, employs hundreds of quality assurance professionals around the world to inspect fresh products produced by independent growers but carrying the Dole brand name (Dole undated). In Ecuador Favorita sources most of its bananas from independent growers but still controls management decisions at the farm level, such as when to spray against the pest 'sigatoga negra' which is carried out by a Favorita subsidiary (Hellin & Higman 2002). The leading MNCs are involved in production, packing, transport and ripening which gives them a high degree of control over the production end of the value chain, both in terms of setting quality and price demands with suppliers and also in terms of pressuring host countries on issues of taxation, labour regulation and environmental legislation (Frundt 2007). Large EU and US retailers, on the other hand, exert power over producer MNCs by working with one or two year contracts while discounters like Aldi and Lidl buy on the spot market (Kastele & Stichele 2005).

Value chain restructuring has entailed retail consolidation and the rationalization of production which includes outsourcing, the transfer of production to lower cost and/or low union density areas as well as an increase in the use of third party labour contractors (Kastele & Stichele 2005; Prieto-Carrón 2006; Riisgaard 2005). Labour is threatened by the relocation of production to different labour control regimes such as the non-union, low pay supplier plantations of Ecuador and the pacific coast of Guatemala. In addition, rationalisation has meant a move towards looser contract forms and anti-union policies such as discrimination, firing and blacklisting (Frundt 2007; Human Rights Watch 2002; Quesada 2001). Thus, while labour's bargaining position is weakened by regime competition, the bipolar nature of a major part of the banana value chain – together with a history of tireless organising efforts in Honduras, Costa Rica, Panamá and

Colombia – has also opened opportunities to shape working conditions at various levels. For example, mandatory social and environmental standards have emerged at national level, such as the improvement programme in the banana plantations of Colombia (Kastele & Stichele 2005; Prieto-Carrón 2006); MNCs have introduced SA8000 on owned farms (Chiquita, Dole) and joined the Ethical Trading Initiative (ETI) (Chiquita, Fyffes) (Kastele & Stichele 2005)⁴; and up-market supermarkets increasingly carry fair trade and socially certified products (UNCTAD 2003). The Latin American trade unions were able to exploit this constellation by signing the first IFA in the agricultural sector as well as via their involvement in PSSs.

Chiquita has, since the 1990s, sought to promote brand awareness as the industry's leading CSR company, starting with environmental certification through the Better Banana Project with the Rainforest Alliance in 1995, followed by the adoption of a company code of conduct (2000), SA8000 certification and membership of the ETI. In June 2001, following a damaging international campaign which accused the banana giant of violating workers' rights on Chiquita owned and supplier plantations in Latin America, an IFA was signed between the IUF (International Union of Food Workers), COLSIBA (Coordinadora Latinoamericana de Sindicatos Bananeros) and Chiquita (IUF et al. 2001). The campaign was led by COLSIBA – a regional coordinating body representing 42 farm-level unions and 45,000 workers across Ecuador, Colombia, Costa Rica, Panamá, Nicaragua, Honduras and Guatemala (COLSIBA 2001) – and was based on workplace organisation, transatlantic cooperation with solidarity groups in consumer markets, and public campaigns targeting major supermarket chains and consumers in the US and EU (Riisgaard 2005). The IFA marks the development of COLSIBA from a cross-border alliance that emerged in the early 1990s to a labour actor that cooperates with Northern NGOs and leverages threats to disrupt, both, production at Chiquita plantations as well as

consumption via campaigns targeted at Chiquita and retailers selling Chiquita bananas. As noted by COLSIBA coordinator German Zepeda,

Before this we had never explored the international market, we were simply workers. We didn't know anything about the transnationals, about the market, about costs (Interview 2002).

The agreement commits the company to respect the ILO core conventions on freedom of association and the right to collective bargaining as well as convention 135 on the protection and facilities guaranteed to workers' representatives. A Review Committee, composed of representatives designated by the IUF, COLSIBA and Chiquita, will meet twice a year to review the agreement's application. The agreement also covers sourcing from Latin America and contains guidelines on the procedures to be invoked in the event of changes or transfers in production. In practice, results with the agreement have been mixed (see Frundt, 2007; 101-106; Riisgaard 2005). Overall, management-labour dialogue has improved and the agreement has been successfully invoked in several occasions e.g. to include continued union recognition when Chiquita sold its operations in Colombia. However, Chiquita has also closed plantations in Guatemala without prior consultation (although required by the IFA). Enforcement of the IFA at suppliers has proven particularly delicate because it implies Chiquita withdrawing contracts in the event of continued non-compliance leading to loss of jobs. In the words of the COLSIBA coordinator: "What is COLSIBA to do when the agreement is not respected and the medicine in a way is worse than the disease?" (Interview 2002). Thus, while the IFA allows limited improvements in organising and working conditions, relocation of production to non-union areas, as well as outsourcing to suppliers or labour contractors pose continuous challenges to maintain a meaningful implementation of the agreement.

On the other hand, unions started to challenge buyer power via their involvement in PSSs. In 2005, for example, COLSIBA obtained an agreement with Transfair – the leading US fair trade group – under which union-backed bananas would be sold as fair trade bananas in the US (USleap undated). Although the agreement with Transfair did not survive (for details see Frundt 2007) it still illustrates how labour seeks to make actual union recognition an inherent element of a PSS. Another example is the IUF involvement in the ETI (a UK based multi-stakeholder initiative) as board member, which offers a platform to engage the retail drivers of the direct strand of the banana and flower value chain. The IUF and several large retailers have been involved in ETI-pilots in both flowers and bananas (Hurst et al. 2005).

3.2 TARGETING BUYER POWER IN THE CUT FLOWER GVC

The world market for cut flowers has grown consistently since the early 1980s but has recently experienced slower growth in demand at the same time as an expansion of production, especially in developing countries, has exerted downward pressure on prices. Furthermore, the global cut flower value chain is undergoing structural shifts in its EU distribution channels as supermarkets increasingly source directly from suppliers in developing countries, thereby cutting out wholesalers and the Dutch auction system (CBI 2007; Thoen et al. 2000). The terrain for labour agency is structured by two different value chain strands (see Figure 2).

On the one hand, the increase of direct sourcing by large retailers has a significant impact on governance. While retaining their driving role, due to their considerable buying power, supermarkets externalise non core functions such as monitoring of quality and coordinating supply logistics up the chain towards exporters. The best example of this is seen in Kenya where larger growers have tailored their operations to sell directly to retail outlets in Europe through offering value-added production and supply chain management to supermarkets. This has been

achieved through vertical integration down-stream into freight forwarding, clearance- and sales agency which has allowed Kenyan producers to control the distribution and marketing process more effectively (Thoen et al. 2000). The Dutch auctions, on the other hand, basically function as a distribution centre, absorbing large quantities of flowers that are re-packed and sold to buyers from all over the world. The system is based on three key components: the concentration of supply, a public price discovery system, and a cooperative organization structure. There are seven cooperative flower auctions in the Netherlands with total sales amounting to € 2.5 billion in 2006 (CBI 2007).

Insert Figure 2 about here.

Historically important, the Dutch flower auctions remain the most significant route and mechanism through which cut flowers from East Africa are distributed to European wholesalers and retailers (CBI 2007) even though direct sourcing by large retailers has increased. While the direct strand for flowers is controlled by supermarket buyers, particularly UK retailers, and is strongly buyer-driven, the auction system, in contrast, is less strictly coordinated and less driven. The auction strand is characterised by relatively loose trading relationships because of a more market-based type of coordination, particularly at the auction point, which makes explicit governance along the whole chain difficult to achieve. It is in the direct GVC strand that labour has been able to exploit the power of retailers in specifying entry barriers while campaigners in consumer markets exposed and criticised the appalling working conditions in flower plantations in developing countries.

In the last decade, a range of private social and environmental standards superseded ineffective unilateral corporate codes of conduct and developed into broader business and multi-stakeholder initiatives. The majority of standards were developed in the European consumer markets,

although recent years have also seen the initiation of a variety of standard initiatives in producer countries. In all, at least 16 different social and or environmental standards (international and national) exist for cut flower exports (CBI 2007; Dolan & Opondo 2005; Riisgaard 2009). In the context of very weak workplace organisation, it is the direct buyer-driven strand, rather than the spot market-based auction system, through which campaigners in the consumer markets as well as national and international trade union bodies have been able to create pressures for standards at the level of production. While a range of different PSSs are required to enter direct retailer chains, social and environmental standards are not currently a requirement to access the Dutch auctions, although an estimated 55% of flowers supplied to the auctions comply with the environmental certification scheme MPS with an optional social qualification MPS-SQ (some commercial farms supply both the direct and the auction strand). However, an exception might be emerging as flowers certified to the social and environmental label Fair Flowers Fair Plants (FFP) can now be identified at the auction clock on an optional basis (still, it is too early to assess the impact of FFP, see also Riisgaard forthcoming). This became possible because it was in the interest of the auctions and the wholesalers buying at the auctions to be able to offer socially labelled flowers to buyers (previously not possible in the auction strand). The IUF used this opportunity to become part of and influence the FFP initiative.

Unions have engaged with PSSs at international, national and district, as well as farm branch level. In the context of national unions that were too weak to run organising campaigns and an emerging plethora of (mostly unilateral) standards, the IUF decided to enter the ‘standards game’, – on alternative terms – by challenging unilateral business codes of conduct (weak in content, scope and monitoring), engaging constructively in private standard setting and building its own multi-stakeholder model standard, the International Code of Conduct for the Production of Cut Flowers (ICC; IFC 2002) (Interview with IUF Africa coordinator 2006). This code was

established by an alliance between the IUF, affiliates and several NGOs (the International Flower Campaign) and is based on ILO standards, with implementation mechanisms designed to include meaningful participation of workers, local organisations and unions. The ICC formed the centrepiece of a campaign to regulate work and employment in flower production. Initially, importers in Germany and the Dutch MPS initiative were targeted, with success, to accept the ICC (ILRF 2003) which later formed the basis for many of the social standard initiatives in the cut flower sector such as FLP, HEBI, Max Havelaar and MPS-SQ (Socially Qualified)⁵. A training manual for shop stewards on how to use the ICC has been developed, and workshops have been held for East African trade unions (on how to use the ICC to organise workers and improve their working conditions). The latest development has been the introduction of the FFP scheme which is based on the ICC and coordinated by the largest international flower industry body, Union Fleurs. According to the IUF, FFP is a step forward from other standards as it involves representatives from local NGOs and trade unions as well as an auditor at all audits, thus effectively giving trade unions a veto on certification (Interview with IUF Geneva coordinator 2008). Similar to the agreement between COLSIBA and Transfair in bananas, union participation in audits illustrates how unions are seeking to make actual freedom of association and the right of collective bargaining an inherent element of PSSs. The account below demonstrates how the link between the global level and the workplace can be used to further labour organisation at production sites, depending however on the capacity and response of local unions.

Unionisation in the flower sector has increased considerably in Tanzania from two out of eight farms in 1998 to six out of ten in 2006 (Interviews 2006; Riisgaard 2007). In Kenya unionisation has remained relatively low with around 3,400 unionised flower workers (mainly male permanent workers) out of approximately 50,000. To a major extent, the positive development in Tanzania has come as a result of how labour has engaged with standards and managed to use them as a

platform to organise and build capacity at farm branch level. This has occurred particularly through constructive interaction between FLP and the Plantation and Agricultural workers union of Tanzania (TPAWU), with FLP seeking union assurance that freedom of association and collective bargaining rights are complied with before certifying farms. Ensuing organising initiatives resulted in collective bargaining agreements on the two largest farms which, according to TPAWU, constituted the door opener to the flower sector in general (Interviews with TPAWU representatives; Riisgaard 2007). By contrast, the leadership of the Kenya Plantation and Agricultural Workers Union (KPAWU) has resisted the tripartite-plus logic of multi-stakeholder standards and has been much more reticent in working with standards initiatives and labour-friendly NGOs (see Riisgaard 2007 on the conflict between unions and NGOs). The KPAWU leadership does not allow links with PSS initiatives (which often work with non-KPAWU works councils on farms and do not routinely share inspection reports with the union) unless cleared with the headquarter. Consequently KPAWU has declined to fill seats available on a local multi-stakeholder initiative and to shadow audits. An exception here is Max Havelaar which is perceived to look for compliance with ILO conventions and work more closely with unions (Interviews 2006).

This has led to a dual engagement with PSSs in the Kenyan flower sector: on the one hand, branch level KPAWU representatives are denied opportunities to shadow audits. Reflecting on the good experience with Max Havelaar, one KPAWU branch secretary argued

It would be better for MPS-SQ to go straight to the branches. That would be the best way. By not going we lose influence and personal disagreement comes in the way of worker representation. Our job is to represent workers. (Interview 2006)

On the other hand, by remaining on the sidelines Kenyan unions have allowed labour NGOs to become the preferred local 'labour partner' and to shape more participatory auditing practices.

4. Discussion and Conclusion

The four cases discussed above reveal the difference chain governance makes for labour agency, not only between but also within GVCs. However, the governance of inter-firm linkages, while crucial in structuring the terrain for labour, is always mediated by the specific social relations of local production and labour control regimes as well as the histories and orientations of the respective actors. GVCs shape labour's room for manoeuvre while labour co-constitutes GVCs. This is apparent in the campaigns labour has engaged in for IFAs and PSSs which once again highlights the role of the analytical factors discussed: (1) the level of drivenness; (2) the functional position of the driver and the existence of a brand with consumer recognition; and (3) the specificity of local labour control regimes and union organising.

First, social regulation along a GVC strand is more likely in highly-driven GVCs, regardless of the functional position of the lead-firms. High levels of drivenness point to the ability of the chain driver to impose criteria (such as labour standards) on the rest of the value chain strand. Thus, drivenness also opens avenues for labour (as well as other social movements) to target the strategic actor(s), i.e. the driver(s), in the chain (see the direct strands in bananas and cut flowers). By contrast, such leverage is more implausible where value chain strands are characterised by relatively loose, market-based, trading relationships as evident in the banana wholesale strand and the cut flower auction strand (although the emerging FFP label might constitute an exception).

Here, no single actor has the power to control and impose conditions on the rest of the chain which deprives labour of a vehicle (a lead firm) under which fragmented labour actors could cooperate and campaign for social regulation.

Second, where drivenness makes social regulation along the GVC plausible, the functional position of the driver(s) creates different leverage points for labour. Whereas labour can threaten to disrupt production in producer-driven strands (where the MNC is vertically integrated and/or exercises hands-on coordination over production), campaigns in buyer-driven strands threaten to disrupt consumption. Additionally, there is a recognition of the central role of branded actors in highly driven chains: in both the banana and flower cases the drivers' product or retail brands are targeted although it is only in buyer-driven settings that labour typically depends on coalitions with organisations at the consumer end. The bipolar nature of the direct banana strand allows leverage over both production and consumption: COLSIBA campaigned against a branded producer with a relatively stable industrial and management structure (through vertical integration and hands-on management) and, as part of a broader coalition, targeted branded retailers to demand socially certified bananas. Equally, retail drivers in the direct cut flower strand have been pushed into demanding certification at production level; however, as they are not involved in production – either via vertical integration or hands-on coordination – it is the political power of campaigners at the consumer end that is crucial here. Thus, the different ways in which production and consumption are linked through GVC governance frame labour's inter-organisational strategies. Whereas the challenge for labour in producer-driven chains lies in establishing international cooperation between different production locations within the supply chain of an MNC, the challenge in buyer-driven chains lies in recreating a link between the sphere of consumption and the workplace in order to overcome the separation of workplaces from industrial and political power. In this context, linking production locations in IFAs is

appropriate for labour to build counter power in producer driven chains, while PSSs seem more auspicious in linking broader coalitions across production and consumption. Thus, IFAs and PSSs serve different strategic purposes which might well be complementary but are not interchangeable. Further strategic implications arise out of the trend towards buyer-drivenness in GVCs (see Gibbon & Ponte 2005, Gereffi et al. 2005) which arguably favours ‘good targets’ (i.e. consumer brands) for labour campaigns. While this does not bode well for workers in chains that are not susceptible to consumer pressure, it only serves to further underline the need for broad labour coalitions (with local communities, NGOs and Northern workers) as well as innovative strategies beyond IFAs and PSSs.

Third, production and labour control regimes differ tremendously between the strands and locations discussed; they are crucial in shaping the specific insertion of local production in the GVC as well as labour capacities to secure and maintain fundamental labour rights. In banana production, for example, labour managed to maintain its long-standing organisation at banana plantations in the face of wide-ranging, often government supported, anti-union campaigns and attacks (e.g. Korovkin 2005). Workplace strength and regional trade union coordination in the form of COLSIBA provided the foundation for strategies within the banana value chain which was extended to Northern labour NGOs and consumer markets. Contrary to this, cut flower production in developing countries only took off in the 1980s and the 1990s, often coinciding with liberalisation of host economies. Organising in emerging flower producer countries has proved extremely difficult and only been successful in few countries. Here, union strategies have been national and only gone beyond the national level through the IUF (often in collaboration with Northern labour NGOs), creating generic minimum standards such as the ICC and pressuring branded retailers in consumer markets. Thus, whereas the regional-global campaigns by COLSIBA and the IUF were backed up by workplace unionism, it was the IUF cooperation

with a variety of Northern (human rights, labour, environmental) NGOs that was of prime importance for the labour rights campaigns in flower workplaces. It is important to recognise how different forms of North-South linkages engage with the workplace: the regional-global campaigns by COLSIBA and the IUF were firmly based on workplace unionism and could influence the direction of consumer-end pressure; conversely, in flowers it was initiatives and campaigns from organisations in the North that established the conditions for workplace organisation in the South (the examples from Tanzania and Kenya show the difficulties of translating rights into actual workplace capacity). The key role of labour's specific embeddedness for its capacity to achieve *sustainable* workplace organisation is further underlined by a paradox that has been noted following PSS campaigns: while demanding adherence to pro-labour standards, demands made by retailers in the direct strand (such as just-in-time ordering) at the same time exert pressure towards casual or temporary labour (Hughes 2001; Oxfam 2004; Barrientos & Smith 2007). This, we argue, underlines labour's role in co-constituting GVCs: to counter the effects of this paradox, campaigns for PSSs need to be supported by a strategy of workplace organising. While this has potential to effect redistribution between producers and workers, it does not per se challenge the balance of power between different corporate actors in the chain such as buyers and producers.

In this paper we have argued that core concepts of GVC analysis and labour geography (Castree et al. 2004; Herod 2001; Wills 2001) offer a useful starting point to elaborate on how GVC governance results in different opportunities and constraints for labour agency in relation to advancing social regulation in different GVC terrains. In sum, our study shows how forms of GVC governance structure the way power is distributed along chains, and how, in reverse, labour might use different strategies to shape value chains by using the power of lead firms for enforcing rights and transforming aspects of the employment relationship into entry barriers for

participation in the chain. In order to exploit the potential of such an analysis labour needs to be conceptualized a priori as *value producer* in GVCs and thereby as a social actor with its own interests regarding the organizational, spatial and political structure of a value chain.

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Figure 1: The Banana Value Chain

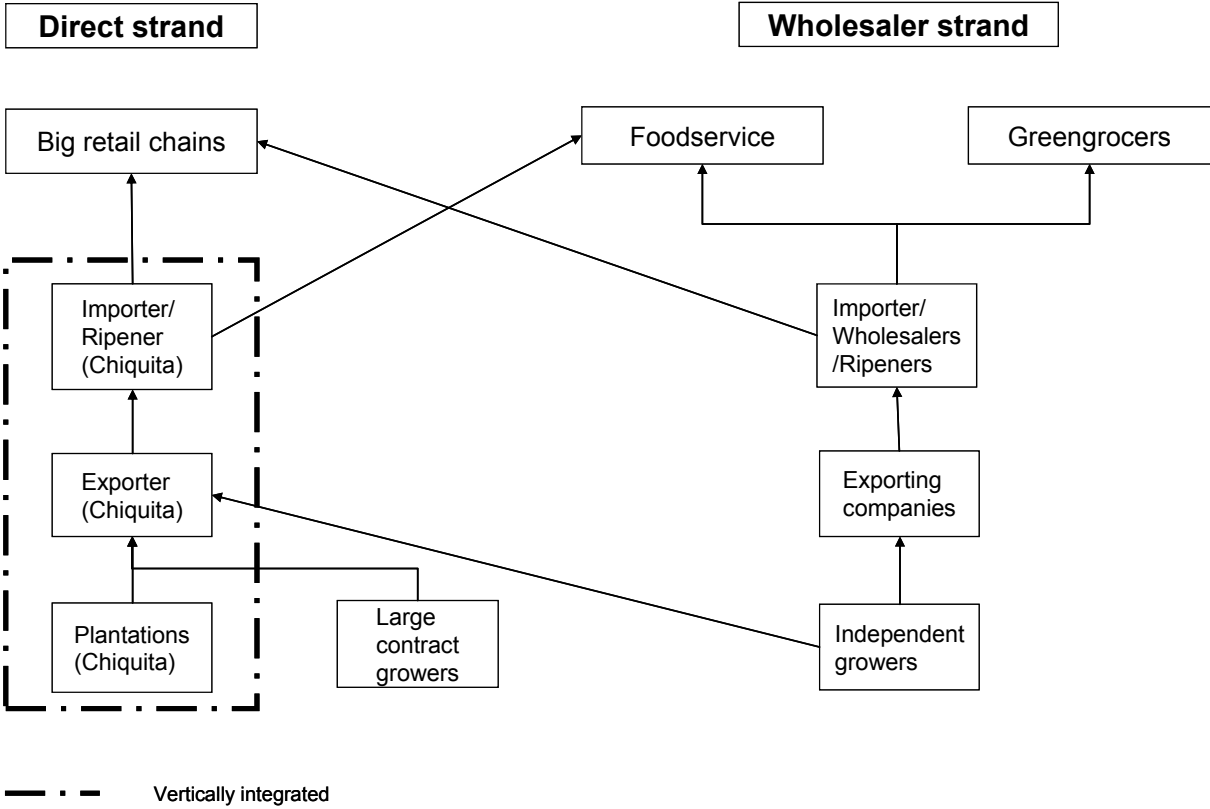
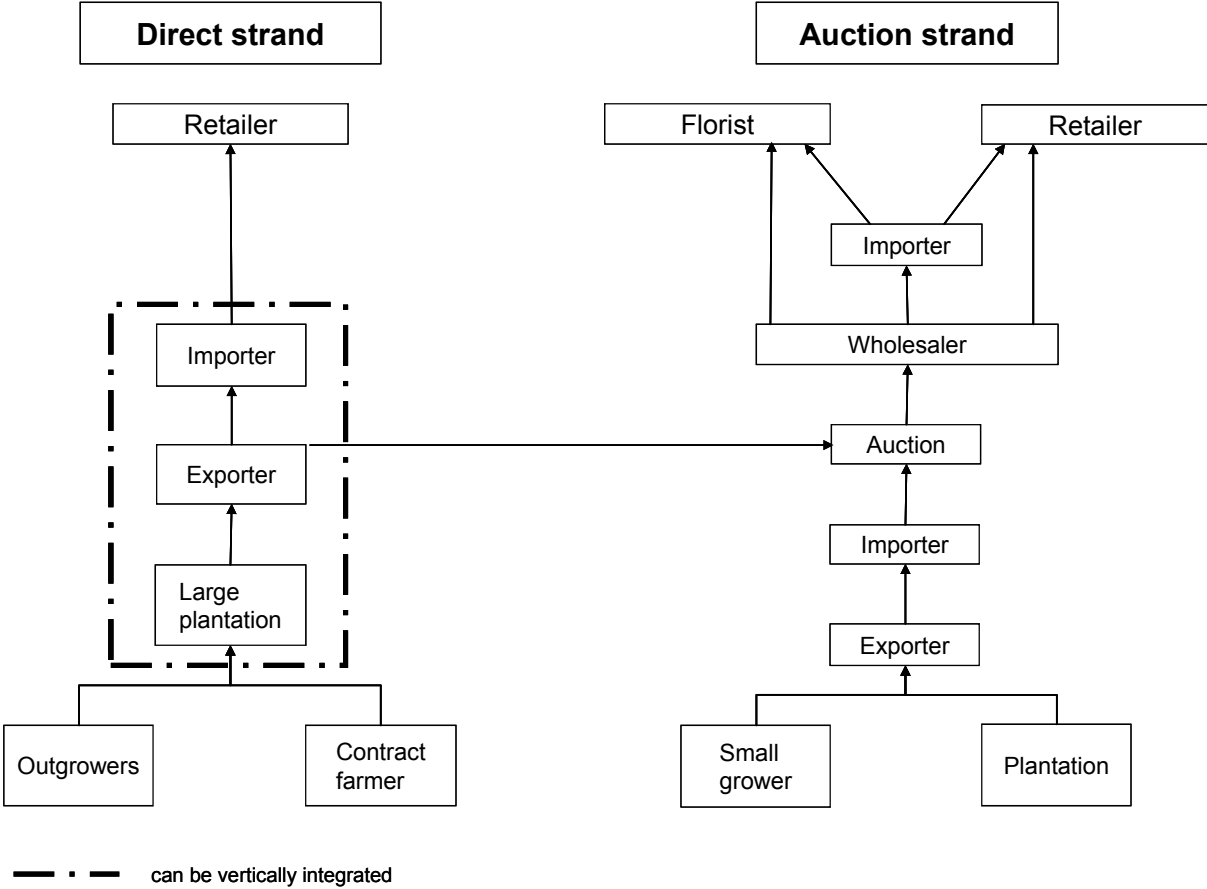


Figure 2: The Cut Flower Value Chain



¹ PSSs refer to voluntary regulation being promoted along value chains in an attempt to improve performance related to labour standards. IFASs are agreements on minimum labour standards negotiated between Global Union Federations and MNEs including as a minimum, freedom of association and the right to collective bargaining and providing unions with formalised access to the corporate level of the MNE.

² Governance as drivennes is based in the global commodity chain strand of GVC analysis and associated with Gereffi (1994); governance as coordination comes out of a later development of GVC theory by Gereffi et al. 2005; see also the overview by Bair 2008).

³ A GVC is understood as the flow of activities and processes involved in taking a product to the market, running from extraction of raw materials, to processing, marketing, and sale. Thus upstream refers to the direction going towards extraction/production whereas downstream refers to the direction going towards marketing/retail.

⁴ SA 8000 is an auditor certified standard that covers workers' rights; the ETI is an alliance of companies, NGOs and unions operating in the UK that has developed a model code of labour practices.

⁵ The Flower Label Programme (FLP) is a multi-stakeholder consumer label mainly for the German market based on the ICC; the Horticultural Ethical Business Initiative (HEBI) is a Kenyan multistakeholder initiative; Max Havelaar is a Fairtrade organisation which until 2006 awarded its label to ICC-certified flowers.