

# The Role of Large Retailers in Scaling Up Sustainable Food Systems Solutions

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‘Scaling up Food Systems Solutions for Addressing Climate Change Mitigation and Adaptation: Ensuring social equity, biodiversity and carbon neutrality outcomes’!!

The objective of the challenge was to catalyze thinking on the practical challenges that the private sector must overcome in order to successfully scale up of food system actions in the face of climate change. The challenge was open to researchers, scholars and practitioners below the age of 35 years.

The jury consisted of Prof. Glenn Denning (School of International and Public Affairs, Columbia University) and Prof. Shiv Someshwar (Paris School of International Affairs, Sciences Po and Founder Chairholder).

## Abstract

This contribution examines the arguments in the literature around the hypothesis that the dominant agro-industrial paradigm continues to hinder large retailers in adopting profound sustainability policies towards agroecology. It explores several regulatory, resource, market and social factors that influence the retailers' drive for sustainability. However, the outcomes of the retailers' efforts regarding both the environmental and social dimensions of sustainability remain ambivalent. Governments therefore need to emancipate themselves from the interest of the private sector and encourage retailers with sound policies and regulations. Several options are available, for example endorsing public labelling standards, adjusting VAT rates or employing tax exemptions for sustainable food, setting up public databases on product environmental footprints, and reforming global trade policy. Regaining a sustainable food system and facing contemporary challenges will only be possible with strong leadership from the public side.

## About the Author

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## THE ROLE OF LARGE RETAILERS IN SCALING UP SUSTAINABLE FOOD SYSTEM SOLUTIONS

By Katharina Bäumler

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### Food systems between socio-ecological boundaries

“Food is the web of life, because the web of life is interactions between different organisms, where one is the food of the other” says Vandana Shiva (2014, 9:37). Food is the overarching element, which connects all living organisms on our planet. In the face of climate change, biodiversity loss and social inequalities, it appears vital to achieve sustainable food systems today and for future generations. A sustainable food system “delivers food security and nutrition for all in such a way that the economic, social and environmental bases to generate food security and nutrition for future generations are not compromised” (Nguyen, 2018, p. 1). Alarmingly however, contemporary crises like the surging war in Ukraine and the Covid-19 pandemic have severely disrupted food chains. Stockpiling of food, shortage of personnel and high price volatility are just some examples of the displayed challenges (Borsellino et al., 2020; Pörtner et al., 2022). This exemplifies the high fragility and unsustainable setup of current food systems worldwide.<sup>1</sup>

In Europe, this fragile agri-food system has led to severe environmental impacts. More than 11% of the EU’s surface is affected by moderate to high soil erosion; biodiversity loss is proceeding with the use of pesticides and nitrogen-based fertilisers and threatens ecosystem services like pollination (De Schutter et al., 2019). Indirect and direct greenhouse gas emissions from food systems amount to somewhere between 19% and 29% of total anthropogenic emissions (Vermeulen et al., 2012). This goes hand in hand with remarkable health impacts attributable to air pollution (the agri-food sector is responsible for 90% of all ammonia emissions), to antimicrobial resistance, or to the exposure to chemicals in food, packaging and water. At the same time, more than half of the Europeans are overweight, causing diet-related health issues, which cost the EU 70-80% of its overall health expenses (De Schutter et al., 2019).

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<sup>1</sup> Three central phenomena are associated with this fragility, which mutually reinforce one another. The first phenomenon is the increasing disconnection between producers and suppliers on one side and consumers and customers on the other side. Production regulations and quality controls replace direct relationships. Secondly, food is disembedded from its place of production. Consumers can therefore no longer identify with the food they choose. Lastly, as a result of specialisation and upscaling of supply chains, different goods and services are disentwined from one another, although their coherence is important to the individual (such as food, care and education) (Wiskerke, 2009).

This also entails socio-economic consequences, linked to the emerging power of only a few dominant retailers (De Schutter et al., 2019). Already in 2011, only the five largest retailers controlled over 60% of the EU market (European Commission et al., 2014). Their dominance and objective to lower prices is often associated with poor working conditions, high pressure on livelihoods and the disappearance of smallholders (De Schutter et al., 2019). Overall, the system of food provision moved from a supply to a demand driven chain, shifting power from primary production to the retail sector (Wiskerke, 2009).

This polarisation explains the two paradigms that have emerged in the discussion of agri-food systems (Bui et al., 2019). The agro-industrial paradigm or hypermodern food geography is characterised by the economies of scale approach of intensive production associated with environmental problems. Labels and safety assurance support the consumers' trust. Quality and diversity of food are reduced to standardised primary products and end-of-chain diversification, while food is nutritionally engineered and highly functional. Under the integrated territorial agri-food paradigm or alternative food geography, on the other hand, food networks are localised and the producers' share is increased in the consumers' food spending. Varieties and animal breeds are adapted to local conditions, and seasonal, organic production dominates. Food quality and diversity is associated with regional identity, tradition and nature, while consumers' trust builds on personal relationships and transparent supply chains (Wiskerke, 2009). The paradigms are also described as 'food from nowhere', referring to the worldwide corporate food regime, and 'food from somewhere', as a locally embedded agro-ecology (McMichael, 2009).

While in reality, food systems are mostly a hybrid of these two extremes, the agro-industrial paradigm increasingly dominates European food systems, thus attributing a primordial role to large retailers. Local, alternative food systems develop in parallel and create a separate community of consumers and producers (Haythorn et al., 2019). It is essential to determine how to bridge the gap between the two food realities, given the severe environmental and socio-economic negative impacts of this current setup (Bui et al., 2019).

In this context, a new green or sustainable supply chain paradigm is gaining popularity in the private sector (Dües et al., 2013). It examines the potential of an "ecological modernisation" (Bui et al., 2019, p. 278), which aims to bridge the gap between economic growth and environmental sustainability. At the micro level of the corporation, many authors have assessed the origins as well as the drivers and barriers to the sustainability paradigm in corporations generally, however less so for the food retail sector (Chkanikova & Mont, 2015). Several studies give theoretical indication on possible strategies for

reaching sustainability while remaining competitive both upstream in shaping supply chains and downstream by influencing the consumers' choices, especially in supermarkets (Bartels et al., 2015; Borsellino et al., 2020; Jones et al., 2011; Lehner, 2015b; Pérez-Mesa et al., 2019).

On the macro level of global food supply chains, authors examine the dominant position of large (food) retailers in the supply chains and many of its consequences (see for example Bui et al., 2019; Clapp & Fuchs, 2009; Fuchs et al., 2011; Hernández-Rubio et al., 2018; Lehner, 2015; Marsden et al., 2000). The literature on food system change and its (private) governance highlights the relationship of private actors like retailers and public actors like governments (Fuchs et al., 2011), as well as the actual outcomes of private food system governance for sustainability (Kalfagianni et al., 2009). Considering the primordial role of large retailers in food systems governance and their influence on supply chain sustainability, it seems crucial to understand:

- 1) To what extent retailers can really drive the sustainable food system transition and help overcome the divide between the parallel paradigms; and
- 2) What role governments should play in sustainable food system governance.

In this article, I therefore explore the arguments in the literature around the hypothesis that the dominant productivist paradigm continues to hinder large retailers in taking real, strong steps towards sustainability. I furthermore examine whether governments need to streamline private food system governance in order to reach the necessary sustainability goals. This will provide a substantial overview of the sustainability debate around large food retailers.

### Retailers as agents of change?

It is widely accepted that in the food sector, "private actors, in particular corporations (...) have become rule-setters rather than rule-takers and are deciding, implementing, monitoring and enforcing rules and regulations to an increasing extent" (Fuchs et al., 2011, p. 354). Retailers have acquired a position, where they actively shape the practices of other actors in the supply chains (Clapp & Fuchs, 2009), but also drive public policies and regulations (Marsden et al., 2000). A private governance system has emerged around different institutions such as CSR policies, co- and self-regulation in public-private-partnerships, voluntary partnerships or codes of conduct (Fuchs et al., 2011). Retailers are considered hub firms (Hernández-Rubio et al., 2018) due to their size, their bargaining power and their strategic place at the intersection of other supply chain actors (Chkanikova & Mont, 2015). Although formally independent, other supply chain actors are practically obliged to play by the dominating sustainability

agenda that the largest retailers set if they want to keep operating on the same market (Busch, 2000; Fulponi, 2006; Havinga, 2006).

Retailers therefore occupy the pole position for shaping food system sustainability. In line with the paradigm of green supply chains, corporate environmental management in the retail sector has developed significantly over the past decades, aiming to link sustainability with their brand name. A more recent rise in commitments and implementation has led to measurable incremental advances in per unit energy, material, waste, chemical, carbon and waste impacts (Dauvergne & Lister, 2012). To achieve these outcomes, a set of sustainability measures and tracking methods has emerged amongst retailers.<sup>2</sup> They employ increasingly standardised tools to display their progress in sustainability, are audited independently, and gradually integrate environmental goals into their core business strategies. It therefore seems that the retailers' efforts surpass mere greenwashing (Dauvergne & Lister, 2012). But why should retailers choose to become agents of change and drive food system sustainability if they already dominate the market? After all, retailers would need to strike a "delicate balance between following the societal [sustainability] discourse while, at the same time, they have to make sure these efforts do not counteract their business interests" (Lehner, 2015a, p. 387).

If we look at the retailer as a closed entity, where internal processes are shaped by external factors, drivers and barriers to sustainability can be grouped into regulatory, resource, market and social factors (Chkanikova & Mont, 2015). Regulatory factors firstly include both voluntary and coercive policy instruments from national or international public entities. Retailers will not be encouraged to pursue strong environmental management without governmental leadership and conflicting messages regarding sustainability, paired with a missing exchange between the public and private side (Jones et al., 2008). This is especially the case when it comes to the multiple different regulatory instruments across countries as well as the associated costs for complying with these. On a free market, coercive policy instruments may furthermore be considered a barrier to competitiveness rather than a stimulator for innovation (Danish EPA, 2022). Concurrently, legislation and softer policy instruments

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<sup>2</sup> Retailers employ sustainability measures at different levels of operation. At the level of internal consumption, measures can address resource depletion and the ecological footprint of a retailer, while aiming to remain economically viable. For example, reducing food delivery miles not only minimises emissions, but also allows the retailer to save money (Bourlakis et al., 2014). At the level of flexibility and responsiveness, retailers can adjust their sustainability performance if they are able to respond to different volume orders or to reduce food waste by delivering products to the right place at the right time. Equally, food waste can be avoided at the level of product quality by guaranteeing the food products' quality, safety and transparency of origin to consumers and upstream food chain members (Bourlakis et al., 2014). Currently, several different tools and methods are available to track sustainability, be it at the level of a specific product or at the level of the company. They include supply chain tracking, eco-certification, or sustainability reporting (Dauvergne & Lister, 2012). Several of these methods are increasingly standardised, for example the life cycle analysis (LCA). It determines a product's environmental footprint across its life span from the acquisition of raw materials until its end of life. The international standards ISO 14040 and ISO 14044 regulate the processes for performing an LCA (ISO, 2022).



are essential drivers for sustainability as is the case for the EU's energy and waste directives or the Sustainable Consumption Action Plan (Chkanikova & Mont, 2015; Danish EPA, 2022).<sup>3</sup>

Secondly, resource factors relate to both tangible and intangible assets and are linked to the interests of shareholders, suppliers and investors (Chkanikova & Mont, 2015). Retailers perceive the costs related to the implementation of sustainability policies as a major barrier. These emerge mostly from the time and financial resources needed for auditing, for evaluating the environmental footprint of different product categories, and for strong engagement with suppliers (Chkanikova & Mont, 2015). Evaluating the product environmental footprint requires specific skills and expertise outside typical retail-specific knowledge (Hall, 2001). On a more practical level, sustainable products are not always available to the retailer in the necessary quality and quantity, like for example fair-trade coffee or certified salmon (Chkanikova & Mont, 2015). Only if retailers have consistent access to the right quantities of food extended across seasons, preferably delivered to them from only a few suppliers, can they balance sustainability criteria and competitiveness (Haythorn et al., 2019; Pérez-Mesa et al., 2019). Considering these potential costs, retailers tend to select sustainability aspects that require the least investment with the largest visible outcome instead of addressing profound sustainability issues (Smith, 2008). Shareholders and the board of directors of large retailers play an essential role in this, as they are primarily interested in the company's profits (Danish EPA, 2022).

On the other hand, implementing sustainability strategies can save costs and increase financial returns. Efficiency in waste management, logistics and resource use reduces operational costs, while a higher sustainability performance improves the brand reputation. This can lead to an overall increase in investor appeal. Such arguments are essential for convincing shareholders. Chkanikova and Mont (2015) find that "even when a sustainability initiative is not purely driven by resource optimisation, finding a 'business-case' argument was of particular importance in order to justify sustainability policies to shareholders and gain top management support" (p. 71). Ultimately, it is the financial returns and their scale that is essential (Dauvergne & Lister, 2012).

Thirdly, market factors are shaped by customers, competitors and industrial associations. They refer to expectations, competition and norms set by the participating food chain actors (Chkanikova & Mont, 2015). A big concern for retailers is the potential loss of competitiveness when implementing a stronger sustainability agenda, especially as supply chains are increasingly complex and global (Smith,

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<sup>3</sup> They affect three main parts of the supply chain, namely upstream retail activities (agricultural policy, eco-efficiency of technologies, links between labelling and sustainable farming), in-store retail activities (sustainable construction, building energy efficiency), and lastly downstream retail activities (information provision through labelling) (Danish EPA, 2022).

2008). Increasing product prices related to higher sustainability standards may furthermore reduce consumer demand. The consumers' willingness to pay for sustainable products is not always high, an issue encountered especially in discount stores (Chkanikova & Mont, 2015; European Commission, 2009). Even if consumers are interested in sustainability issues, they find themselves increasingly confused in their buying decisions given the multiplication of product labels. Instead, consumers follow individual strategies and definitions for 'sustainable' food consumption (Lehner, 2015b). This again perpetuates the low willingness to pay for 'higher sustainability' (Canavari et al., 2009), and makes it difficult for the retailer to encourage new, more sustainable consumption habits (Lehner, 2015b). To avoid relying on consumer behavioural change, retailers could technically make the sustainable choice the default choice by employing so-called choice editing. However, this is a delicate step to take as it potentially limits consumer sovereignty (Gunn & Mont, 2014). Lastly, the existing business relationships of retailers and their suppliers can slow down the implementation of higher sustainability requirements (Chkanikova & Mont, 2015).

Then again, consumers ever more demand greener, fairer products and therefore create new business opportunities. Retailers can gain a competitive advantage if they expand to a market for green products with a relatively steady demand (Danish EPA, 2022). Especially those consumers that are already concerned with food sustainability issues are willing to pay a higher price, for example, when they know the origin of a certain product. The more information available, the higher the willingness to pay (Haythorn et al., 2019). Also the increasing norms set in voluntary industry agreements and certification schemes significantly drive sustainability efforts (Danish EPA, 2022).

Lastly, social factors shaped by NGOs, media, academia, legal pressure and society influence the retailers' sustainability agenda (Chkanikova & Mont, 2015). Many consumers remain unaware or uninterested in sustainability issues. The public is also uncertain about what 'sustainability' really entails when it comes to food products. For retailers this means that there is no compelling business case to extend the sustainable product range (Sustainable Consumption Roundtable, 2005). Another barrier is the lack of a scientific evidence base and coherent methodology for prioritising sustainability improvements between environmental and social factors (Danish EPA, 2022; Jones et al., 2008).

Other scientific findings again encourage retailers in their sustainability efforts and facilitate planning processes, for example, life cycle analyses methods (Jones et al., 2008). Furthermore, non-compliance with sustainability regulations leads to court trials and can cost retailers not only financially, but also concerning their reputation. The former can also be altered with negative publicity in the media, for example in documentary films (Chkanikova & Mont, 2015), or targeted NGO campaigns (Hall, 2001).

Consumers themselves are increasingly critical when it comes to sustainability. So-called food scares like the BSE crises trigger consumers' critique of retailers (Smith, 2008).

So, what is the actual outcome for sustainability in food retail between these drivers and barriers? Despite the green paradigm and the multiplication of sustainability initiatives across retailers, progress remains inconsistent and often ambivalent, depending on the dimensions of sustainability (social, environmental) and the target group (developed countries, developing countries) (Dauvergne & Lister, 2012; Fuchs et al., 2011). Although the social dimension is formally included in most retail standards, it has a lower priority than the environmental dimension (Fuchs et al., 2011). This is especially striking because the new private sustainability standards alarmingly restrict market access of smallholder farmers, thus generating extreme income losses and unemployment (Brown & Sander, 2007).

Looking at the global scale, the results are highly uneven between the producing and the consuming countries. While economic equalities and social well-being decrease, small farmers, retailers and other supply chain actors are increasingly marginalised vis-à-vis large retailers (Cavalcanti et al., 2005). Relating to the social dimension, retailers' sustainability efforts have some positive effect on food safety and quality. However, these improvements in developing countries are mostly observed in products for the export market to the North, while spillover effects on local markets remain limited (Cavalcanti et al., 2005). Only selected elements of the environmental sustainability dimension are covered in food retail standards in order to increase the brand reputation and respond to consumer demand in the global North. While this may yield some environmental improvements, systematic and comprehensive transitions are missing (Fuchs et al., 2011). This selective choice of easily implemented measures can lead to a conventionalisation process, which deteriorates original objectives, as is the case for organic products (Bui et al., 2019). Across both the social and environmental dimensions, assessment and reporting mechanisms remain an open question (Dauvergne & Lister, 2012).

Therefore, the hypothesis that the dominant productivist paradigm continues to hinder large retailers in taking real, strong steps towards sustainability holds true. Overall, sustainability efforts appear as "engines of increased consumerism" (Dauvergne & Lister, 2012, p. 38) rather than drivers of a substantial transition. The power asymmetries in private food governance institutions seem to have a very heterogeneous impact on the global agri-food system's sustainability (Fuchs et al., 2011). In this sense, Dauvergne and Lister (2012) remind that the potential of private sustainability initiatives should not be overestimated. While sustainability impacts per unit may improve, the absolute impact still rises as companies adopt sustainability to drive their business growth and competitiveness.

### Power dynamics in food system governance

We have seen that large retailers hold the power to fundamentally shape sustainable food systems and that their sustainability efforts are increasing. However, actual outcomes of these efforts are ambivalent and do not seem to alter environmental and social challenges associated with the retailers' business profoundly. With these prevailing challenges, it is crucial to explore the power dynamics between public entities and retailers in food system governance. What role do governments and public institutions currently play in this system and what role should they assume?

In advanced capitalist societies, the implementation of sustainability policies relies on corporate actors, while the state is gradually retreating. Public goals and values often need to make place for corporate interests. NGOs and other civil society actors step in to raise awareness on product standards and sustainability where governments have withdrawn (Gunn & Mont, 2014). In this governance system, big brands define associated rules, their implementation and penalisation of non-compliance. They therefore successfully gain legitimacy and influence with governments and NGOs. This cooperation allows retail brands to advance policies and gain broader societal legitimacy, thus opening new markets (Dauvergne & Lister, 2012). This leads to a situation where retailers can easily constrain governmental leadership, which they are especially inclined to do if coercive instruments are perceived as too strict or costly (Chkanikova & Mont, 2015).

This arrangement of private food system governance raises concerns in terms of global equity and democratic legitimacy at the levels of participation, transparency and accountability (Dauvergne & Lister, 2012; Fuchs et al., 2011; Schaller, 2007). In their evaluation of the democratic legitimacy of food retail governance institutions, Fuchs et al. (2011) notice that on the level of participation, most institutions are dominated by retailers' organisations. Neither consumer organisations nor other NGOs have an active saying in the decision processes relating to the retail standards. Although some initiatives bring together actors with opposing interests, power and resource asymmetries prevent equal participation and bargaining power. On the level of transparency, standards that are dominated by retailers tend to provide less information on a voluntary basis and rely on self-assessments. Retail standards that involve multiple stakeholders, however, appear relatively more transparent in both decision-making processes and outcomes (ibid.). In most retail standards, both internal and external accountability exist to some extent. They employ peer-reviewed mechanisms or auditing standards. Then again, actual accountability to a broad range of stakeholders is limited. Usually, the standard owners train the organisations in charge of certification and own the underlying methodologies. Also the quality of audits remains a concern (Fuchs et al., 2011).

On the other hand, private food system governance offers public entities and NGOs the possibility to shape business practices and supplement public sustainability standards. If they manage to connect with corporate retailers, they can leverage private initiatives, introduce market reforms and speed up the sustainability transition at scale (Dauvergne & Lister, 2012). Referring back to the regulatory drivers, retailers even expect a clear public stance on sustainability and support in associated activities. In this sense, it becomes clear that policy will lastly have to drive sustainability. Public governance tools like regulations, standards, subsidies and market-based instruments apply everywhere and can therefore assert pressure on a much larger group of actors than the voluntary commitments of private actors (Gunn & Mont, 2014; Tischner et al., 2010). Considering the lack of democratic legitimacy and missing checks and balances in the current system of private food governance, it appears vital that public entities grasp this opportunity and influence sustainability governance. With the quasi-obligatory position of private sustainability standards, “the legitimation of private food governance becomes a fundamental concern for global governance” (Fuchs et al., 2011, p. 365).

Due to the strong global interconnectedness of our food systems, transnational negotiations and institutions are crucial for tackling the issue of sustainable agri-food systems. Currently however, multilateral agreements and state-led international coordination remains slow (Dauvergne & Lister, 2012). Instead, several international provisions actually hinder the implementation of stronger sustainability policies, such as the provisions on free trade under the World Trade Organisation (WTO). The rules oblige countries to refrain from requirements on processes that are non-product related in order to prevent protectionism (Chkanikova & Mont, 2015). Governments choose to place the responsibility on consumers with passive measures of raising consumer awareness and encouraging the right buying decisions instead (ibid.). If even public institutions like the WTO rules pose a conflict of interest between economic growth and sustainability, it seems to be high time that governments choose a side. Do they want to keep satisfying the interests of private entities in the agri-food sector like large retailers? Or do they want to shape sustainability policy substantially?

### Building a case for strong governments

If public entities choose to shape sustainability policy, they need to respond to the barriers that retailers currently face. For this, it is essential to employ additional proactive strategies rather than only passive ones. The context of the Covid-19 pandemic allows governments to promote sustainable food choices with the use of levers that stimulate sustainable purchasing behaviour with the implementation of innovative, low-impact farming practices, and with the request of greater supply chain transparency from large retailers (Borsellino et al., 2020).

Firstly, governments need to clearly communicate their vision for food system sustainability and define the responsibility of retailers therein. For avoiding doubts and misunderstandings, governments can elaborate (national) action plans in collaboration with businesses and launch multi-stakeholder dialogues with adequate democratic legitimacy. The line of argument must clearly communicate the business case for sustainability. Only then will it be possible to erase the retailers' doubts regarding a possible decrease in competitiveness, the lack of the consumers' willingness to pay as well as the financial and resource costs. A significant multi-stakeholder forum of this nature is the European Retail Forum, which the European Commission set up together with EuroCommerce and the European Retail Roundtable in order to provide a platform to retailers for exchanging best practices on sustainability and to identify associated drivers and barriers (European Commission, 2022).<sup>4</sup>

Secondly, governments must help retailers in maintaining and extending their customer base for sustainable products. To this end, passive strategies like public campaigns can be employed for raising consumer awareness. However, to circumvent the issue of the consumers' low willingness to pay, complementary stronger levers are necessary. Such levers may consist of adjusted VAT rates or tax exemptions for labelled products, be it environmental or social sustainability labels (Chkanikova & Mont, 2015). It has long been discussed to extend existing schemes like carbon pricing to food products. Globally, such a tax on the most carbon intensive foods (beef, lamb, dairy products, vegetable oils) could cut emissions by 10% (Springmann et al., 2017). More specifically, a debate around the introduction of a meat tax has arisen in Denmark, Sweden and Germany, without however leading to legally binding regulations (Charlton, 2019).<sup>5</sup>

As a point of reference for taxation or vouchers, governments and retailers can draw on existing labelling schemes. Given the proliferation of labels and the resulting confusion of consumers when trying to make an informed buying decision, governments need to play a proactive role and issue permits to retailers and private initiatives for the introduction of new labels. Regulations could require existing labels to comply with a set of sustainability standards, benchmarks and associated methodologies defined by policy makers. Consequently, fewer unified labels would replace the jungle

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<sup>4</sup> Although membership is voluntary, the forum disposes of both an action plan and a circular economy agreement with clear environmental commitments and progress monitoring mechanisms (Euro Commerce et al., 2015; European Retail Round Table et al., 2015). While the initiative is largely driven by its members, it seems that the European Commission still shows clear leadership in the initiative and can therefore set high standards for sustainability.

<sup>5</sup> Retailers themselves may also decide to subsidise sustainable products. One could think of a scheme under which retailers can increase the accessibility of products with a high socio-environmental performance for consumers with lower buying power by introducing a bonus point system. For every purchase of a product with high socio-environmental performance, consumers can receive vouchers for purchasing additional products that achieve a similar score. This can also link to improving health and nutrition by offering additional vouchers to consumers who choose products with high nutritious value. Governments can reward retailers with certain tax exemptions for introducing such schemes.

of logos that consumers currently face on packaging. With coherent and complementary methodologies behind the labels, this would additionally erase doubts around the actual definition of ‘sustainability’. Despite its shortcomings, existing labels like the EU organic label can serve as a point of reference (Chkanikova & Mont, 2015).

Governments can furthermore support retailers on a very practical level by providing a sound evidence base on how to balance environmental and social criteria and by establishing a database with product sustainability footprints, both across product categories (e.g. eggs and milk) and within (e.g. organic eggs and free-range eggs). In France, a public database for food products, which draws on LCA methods, is already available to retailers and the public. Agribalyse is a reference database, which gives insight into the environmental footprint of agricultural and nutritional products (Agribalyse, 2022). To expand this initiative, an experimentation is currently ongoing to design a sound environmental label for food products (Ministère de l’Agriculture et de l’Alimentation, 2020). Also the European Commission’s Farm to Fork Strategy suggests to “examine ways to harmonise voluntary green claims and to create a sustainable labelling framework that covers, in synergy with other relevant initiatives, the nutritional, climate, environmental and social aspects of food products” (2020, p. 13). This will help to facilitate the consumers’ choice and provide retailers with a cost-efficient, coherent point of reference for their sustainability policies. Initiatives like the European Retail Roundtable can serve as fora to establish a common framework and support retailers in their decision-making processes. Such information provision can also help to counterbalance the retailers’ doubts regarding the specific non-retailing technical competences and expertise, especially when it comes to developing and implementing upstream strategies.<sup>6</sup>

To further back the retailers’ upstream sustainability strategies, governments can also provide support in establishing collaborative partnerships between suppliers and retailers. Fora like the before-mentioned multi-stakeholder dialogues can institutionalise large-scale communication of upstream

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<sup>6</sup> On a more indirect level, governments can assist retailers in counterbalancing many of the issues that they face by developing strategies to support short and/or local supply chains. Although not all local produce is necessarily sustainable (Stein & Santini, 2022), short supply chains offer advantages to establish closer relationships between retailers and producers, while applying national legislation can ensure higher product standards. Moreover, the consumers’ willingness to pay for local products is usually higher (ibid.). This again reassures retailers in their sales volume. Governments can encourage short, local supply chains with public campaigns and by redirecting public procurement towards local produce, for example in institutional catering. Furthermore, decentralised distribution platforms can be installed for better matching local demand and supply. While on the one hand such platforms facilitate the retailers’ relationships with their suppliers, the producers on the other hand can better plan their production and deliver the right quantity and quality of food (Projet Déclic, 2021). In Belgium for example, an initiative for sourcing locally produced food in supermarkets evolved between multiple stakeholders and successfully helped induce radical innovations in the local food systems. However, the initiatives lastly supported retailers in achieving their business case instead of promoting substantial shifts towards sustainability. This example illustrates that “inclusive governance and systemic ethics are key features for the potential of such initiatives to contribute to a sustainability transition to materialize” (Bui et al., 2019, p. 286).



supply chain transparency. This can primarily reduce the retailers' costs to forge relationships with their suppliers. It however seems important to complement such approaches with more proactive strategies, seeing that it is especially difficult for retailers to track large, multinational suppliers in an increasingly complex globalised food chain. Governments can introduce regulations, which make certain transparency standards around product sustainability mandatory if suppliers intend to sell these on a certain market. Again, coherent methodologies and government-certified labels would serve as a basis to enforce mandatory standards for transparency around product sustainability. This would not only help retailers gain better control over suppliers, but also facilitate their established business relationships that may currently slow down the implementation of new sustainability strategies. Indirectly, such product requirements may also improve the quality of sustainable supply. While the availability of some sustainable products could stagnate at first, it can be expected that suppliers will soon adapt to the new requirements in order to continue their business activities.

Under the current WTO rules, such strategies can only be successful if countries manage to harmonise their sustainability-related regulations like those addressing food safety and labelling, without however inducing a race to the bottom regarding the level of requirements. To overcome the persistent conflict of interest between sustainability policies and international trade provisions, governments must accept trade as a tool to advance sustainability and translate this stance into practice under the WTO. The EU has taken an important step in this direction in a recent communication on the EU's approach to reforming global trade policy under the WTO (European Commission, 2021).<sup>7</sup> However, a profound WTO reform and paradigm change to green trade will only succeed if governments finally pick a priority and live by it in practice: economic growth or sustainability.

### Embracing profound sustainability together

So, in the end, can retailers really drive the sustainable food system transition and help overcome the divide between the paradigms of agro-ecological and industrial agriculture? No doubt, large retailers have the power and means to shape a green food future. As they increasingly adopt the new green or sustainable supply chain paradigm across central business activities, retailers are already taking active steps in the right direction. This engagement is vital in view of the challenges that climate change poses to food system sustainability.

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<sup>7</sup> While it recognises the WTO as an important multilateral forum, the EU currently sees the WTO's functions undermined by a weak negotiation function. To give the organisation a new common purpose and to stimulate sincere negotiations, contributions to sustainable development can become the new centrepiece. The EU believes that the WTO could thus play a vital part in reaching global climate goals, circular economy objectives, as well as development and health co-benefits (European Commission, 2021).



While efforts bare first fruits, the previous discussion clearly illustrates that economic interests still dominate. Although the consciousness and intention for sustainability issues may have arrived in the core business of large retailers, actual strong steps to implementation remain scarce. It seems that we have arrived in a deadlock situation where retailers will refrain from adopting stronger sustainability policies, as their current policies have already painted them 'green' and 'socially equitable'. With this status quo, a profound transition cannot be achieved. As Bui et al. (2019) put it, the sustainability paradigm of ecological modernisation merely seems to be a phenomenon where "capitalism feeds on its critique" (Bui et al., 2019, p. 285).

This is where the role of governments in the sustainable food system transition becomes crucial. Private actors, especially large retailers, dominate the governance of the internationally entwined global food system. With their bargaining power, this handful of players leaves little space for all other actors. This setup has led to detrimental effects for both social equity as well as the environment worldwide, but especially in the global south.

I conclude from this discussion that governments must assume their task of attending to the people and the planet instead of continuing to serve economic growth only. To this end, the public side has multiple paths at its hands to help retailers address the issues they encounter when setting up and implementing a profound sustainability policy. After all, the evidence shows that the business case for sustainability efforts exists. Governments need to emancipate themselves from the interests of the private sector and assist retailers with sound policies and regulations in breaking with the current deadlock situation. Only then can we be sure to regain a healthy, socially equitable and environmentally sustainable food system across the globe and face the challenges that climate change poses.

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