

3 Private Regulation in Global Supply Chains

Social and environmental aspects have generally fallen behind economic ambitions in globalization processes (Sachs and Santarius 2007). Private regulation has emerged as a solution to perceived shortcomings. It varies widely in the forms it takes, ranging from individual codes of conduct and reporting standards to international certification programs (Ruggie 2013; Schleifer, Fiorini, and Auld 2019). Voluntary certification programs—organized and coordinated by nonstate actors—are the most substantial private regulation effort. The assumption is that if suppliers disclose information and certifiers guarantee compliance to specific standards, buyers are willing to pay a higher price for their products. In turn, if buyers refrain from purchasing (non)certified products, they may endanger the financial viability of the supplier—and of the certifier as well (Haufler 2010; Koenig-Archibugi and Macdonald 2013).

This chapter discusses power dynamics resulting from private regulation, especially voluntary certification in the field of cotton/textiles using Ethiopia as a case study. The Rana Plaza tragedy in 2013 made many consumers aware of serious social and ethical problems in textile supply chains. Deep cracks had appeared in the eight-story building outside Dhaka the day before the tragedy happened. Workers, who had been producing clothes sourced by major international brands, were sent inside the building despite safety concerns. When the building collapsed, over one thousand garment workers were killed and more than twice as many were seriously injured (Jacobs and Singhal 2017). In response to the dismay among consumers, Western consumers in particular, the garment industry started a campaign that calls upon consumers to join a “fashion revolution” by buying certified textiles (Armedangels 2016). In the first part of this chapter, I introduce

the background of voluntary certification, including its origins, the state of the research on private standards in global markets, and, in particular, debates on its impact in the Global South. This part of the chapter is based on document analysis and literature review.

In a second part, I present the case of cotton certification and Ethiopia. If the fashion revolution campaign is successful, voluntary certification may prevent the (most) negative consequences in this country. At the same time, while the Ethiopian government strives for textile market growth, there are also plans for the country to become the fifth-largest cotton-producing country in the world (Aga and Woldu 2014).¹ For most certified textiles, the certification affects only the very first stage of the supply chain because the Better Cotton Initiative (BCI), the certification program with the highest outreach (20 percent of the global market), focuses on cotton production (BCI 2018). In Ethiopia, there are currently two initiatives that certify cotton: the Global Organic Textile Standard (GOTS) and a local partner of BCI, Cotton made in Africa (CmiA; see Textile Exchange 2017).

The case study is based on documents (homepages, self-portrayals, etc.); transcripts from fifteen semi-structured interviews conducted with farmers, certifiers, retailers (merchants, manufacturers, etc.), government officials, and nongovernmental organizations (NGOs); and notes from three group discussions with the stakeholders in Ethiopia. I also used notes from participatory observations at a Fairtrade Fair in Germany in May 2017, and I visited certified cotton farms close to Arba Minch, Ethiopia, in September 2017.

Based on the background and the case study results, in a third part, I discuss voluntary certification against the backdrop of power dynamics as outlined in chapter 2—that is, the withdrawal of the state in the era of globalization, asymmetries between Northern consumers and Southern producers, and normative or ethical power in IR. We will see that there are some very ambitious private actors, as well as individual governments, that use voluntary certification to compensate for a lack of environmental regulation in global supply chains. However, there are Global North–South discrepancies regarding international NGOs that speak on behalf of people in the Global South: typically, these NGOs are accountable to donors in the Global North, not to those people affected on the ground. Moreover, although certification is voluntary and pursues collective norms of environmental protection and greater fairness in world trade, it has been shown

to effectively limit Southern producers' access to global markets, and certification tends to depoliticize continuing resource flows from the Global South to the North.

3.1 Background: Voluntary Certification

Certification initiatives not only define *product* standards, but also an array of *process* standards related to the conditions under which items are produced or traded (Gupta 2008; Koenig-Archibugi and Macdonald 2013). The World Trade Organization (WTO) agrees to the latter only so long as the standards are voluntary and do not discriminate against products based upon country of origin or form an unnecessary obstacle to free trade (Ponte and Daugbjerg 2015, 105–106). However, certification emerged long before the creation of the WTO. As early as 1928, the anthroposophy movement introduced the Demeter certificate, which labels foodstuffs produced in accordance with Rudolf Steiner's doctrine of organic agriculture (and the Christian Community's belief system; Demeter 2018). The concept of *fair trade* dates back to the 1960s (Barratt Brown 2007). Both early organic and fair-trade movements formed in clear opposition to the conventional economic system. While organic movements used voluntary certification to resist the industrial expansion of agriculture (IFOAM 2012; Paull 2010), fair-trade movements aimed to overcome the colonial division of labor between producers in the Global South and consumers in the Global North (Barratt Brown 2007).

Since the 1990s, private regulation won recognition and voluntary certification became an increasingly integrated part of conventional markets (Ruggie 2013). Founded in 1993, the Forest Stewardship Council (FSC) was the first overarching certification body with an international seal, labeling timber from sustainably managed forests (Cashore, Auld, and Newsom 2004; Green 2013). Demeter International was founded in 1997 (Demeter 2018), and with the establishment of the Fairtrade Labelling Organizations International (FLO) in the same year, a fair-trade international certificate was created that caused fair-trade movements to leave their alternative niche markets and include products in the conventional trade system (Barratt Brown 2007).

Most scholars have shown that since the 1990s, voluntary certification emerged from a neoliberal agenda (Levy and Newell 2004). Scholars have

warned against “the retreat of the state” (Strange 1997) and “the privatization of world politics” (Brühl et al. 2001, author’s translation). Moreover, standards are often seen as “hidden protectionism” and “trade weapons” that Western firms and states use to retain their dominance in global markets (Du 2018). Scholars have remained generally cautious about whether certification benefits poor producers in the Global South (Hilson 2014; McDermott, Irland, and Pacheco 2015; Sneyd 2015). Levidow (2013, 211) claims the EU uses sustainability certification as a means to depoliticize global resource flows in order to continue its “global plunder of resources” (see similar discourse in, e.g., Dauvergne and Lister 2013). Only a few scholars have considered the possibility of voluntary certification *privatizing up* (Cashore, Auld, and Newsom 2004, 5) existing public policy rules—that is, pioneering change with regard to environmental and social issues (see similar discourse in, e.g., Risse, Börzel, and Draude 2018; Ruggie 2013). Whether we consider private regulation as a means to improve social and environmental conditions in global supply chains or as a mechanism that only reaffirms Global North–South asymmetries very much depends on whether or not we assume ethical or normative power to be possible in international relations (Manners 2002).

3.1.1 Origins of Voluntary Certification

Organic movements started certifying foodstuffs produced in an ecologically sustainable way almost a century ago (Demeter 2018; Paull 2010). In parallel to anthroposophical groups associated with Rudolf Steiner, in countries such as Germany, the life reform movement campaigned for a more “natural” way of life. Movement members established a retail network that provided health-conscious consumers with natural (whole-grain) foods, including Demeter-certified foodstuffs, and other products such as reform shoes and porous or breathable underwear (Fritzen 2010). In 1972, alternative farmer and consumer associations established the International Federation of Organic Agriculture Movements (IFOAM), an international umbrella organization, in Versailles, France (IFOAM 2012). In his invitation letter to Versailles, Roland Chevriot, then president of Nature et Progrès, a French farmer organization, explained that “at the time when industrial expansion is questioned and notions of ‘Quality’ and ‘Survival’ are raised, it seems necessary to me that organic agriculture movements make themselves known and coordinate their actions. . . . The food quality and

ecology crisis is no longer a national problem, but an actual international concern to [which] we must rapidly bring our solutions” (Chevriot 1972).

Besides Chevriot, there were four further founding members representing different organizations: Lady Eve Balfour from the Soil Association (UK), Kjell Arman from the Swedish Biodynamic Association, Pauline Raphaely from the Soil Association of South Africa, and Jerome Goldstein from Rodale Press of the United States (IFOAM 2012). Today, IFOAM has eight hundred member organizations in over one hundred countries. All members have the opportunity to participate in revising IFOAM standard requirements. Recent General Assemblies have all taken place in the Global South (e.g., India in 2017), and electronic voting allows members to vote without being physically present (IFOAM 2019). This makes IFOAM a very democratic organization (at least among producer member organizations; consumers are only addressees at the receiving end). The reform movement and IFOAM consider themselves to be “pioneers” (IFOAM 2019; Fritzen 2010). Not only did they develop organic farming methods, but they also created supply systems that are, to a great extent, independent from conventional supply chains, including *Reformhäuser* (reform houses), organic shops, drugstores, and even alternative supermarkets. However, their actions were and have continued to be primarily politically motivated. One interviewee explained his organic organization’s choice of a market approach as follows: “Our [corporate] members are catalysts for change. So, part of what [we] wanted to do is to create a market-driven solution, which means we get market leaders, sometimes that’s brands, sometimes that’s government, sometimes that’s harmonization of standards, sometimes it can take different forms, but we work to identify barriers to growth and address them collectively, so it’s that individual action that different members take. . . . I wouldn’t say our advocacy is more important than the standards. . . . We promote these [organic] standards as a solution to drive change” (LRP, October 30, 2017).

In a similar vein, fair-trade movements first aimed to establish a system of direct exchanges of trade and technology in clear opposition to and independent from the (post)colonial trade system (Barratt Brown 2007; Reynolds, Murray, and Heller 2007). In the early 1960s, Oxfam shops started selling handicrafts and Christmas cards made in developing countries, giving small-scale producers fair prices, training, advice, and funding (Oxfam 2018). Parallel initiatives were taking place in other European countries. So-called Worldshops (or Third-World or Fair-Trade Shops) started to sell

fair-trade commodities such as coffee and tea. Many of the shops were, and are still, located in churches, which indicates the Christian background of the fair-trade movement. Not only are the shops points of sale, but they also serve for awareness-raising and political campaigning (GEPA 2017; Oxfam 2018). In many countries in Africa, Asia, and Latin America, NGOs and socially motivated individuals established fair marketing organizations that provide advice, assistance, and support to Southern producers. These Southern fair-trade organizations established links to the new organizations in the north. The ultimate goal was greater equity in international trade relations (Barratt Brown 2007; Macdonald 2007).

As committed people in the Global North could not absorb the large quantities of commodities for which the cooperatives in the Global South wanted to find markets, the original concept of producers from the Global South selling their products directly through Worldshops failed to substitute for conventional trade chains. Moreover, activists did not have the technology that cooperatives in the Global South needed (Barratt Brown 2007).

Most research on fair trade has been conducted on coffee (Auld 2015; Dietz et al. 2018). In the Netherlands, where the first fair-trade coffee was sold in 1973, the Dutch organization Max Havelaar also launched the world's first fair-trade certification label in 1988 (Barratt Brown 2007, 270). Previously, the Worldshops had guaranteed compliance to fair-trade standards. Behind Max Havelaar was Solidaridad, a Dutch NGO that Catholic bishops founded in 1969 to provide development aid to Latin America (Solidaridad 2017). In the UK, Oxfam, Traidcraft, and Equal Exchange established a brand called Cafédirect in 1991 (as a response to the 1989 global collapse in coffee prices) that was sold in supermarkets (Barratt Brown 2007, 270). In Germany, GEPA imported the first fair-trade coffee (Café Orgánico) from the smallholder cooperative UCIRI (Union of Indigenous Communities of the Isthmus Region) in Mexico in 1986 (GEPA 2017). Three years later, in 1989, GEPA decided to use its brand name to expand sales opportunities to supermarkets (in parallel, however, the number of independent Worldshops grew from two hundred shops in 1985 to six hundred shops in 1992 in Germany alone; see GEPA 2017).

Fair-trade products started being sold in supermarkets in parallel to the Worldshops; however, it was still only brand names that sold fair-trade products in the 1980s and early 1990s—Max Havelaar, Cafédirect, and

GEPA. Getting a brand onto the supermarket shelves is a costly business. It is not unusual to have to spend a million euros annually to promote and advertise a brand product to get and keep it on the shelves (Barratt Brown 2007). For instance, Cafédirect was launched with large posters in railway stations with pictures of an African child and this slogan: “He gets inoculations and you get excellent coffee” (Barratt Brown 2007, 272). Due to an increasing number of fair-trade products and organizations, consumers lost sight of the variety of brands. Having an internationally unified labeling system was, at that time, seen as a precondition for establishing a functioning market, reducing transaction costs, and overcoming information asymmetries (Macdonald 2007). Therefore, in 1989, more than three hundred organizations in over seventy countries founded the World Fair Trade Organization (WFTO), formerly the International Federation of Alternative Traders (IFAT), for these main purposes (WFTO 2017). However, it still took eight years before the participating organizations agreed upon FLO certification in 1997.² In the meantime, conventional retailers created their own certificates, which competed in supermarkets with the “alternative” brands (Barratt Brown 2007).

3.1.2 Private Standards in Global Markets

It was after the United Nations Conference on Environment and Development (UNCED) in Rio in 1992 that private certification won recognition and became an increasingly integrated part of conventional markets. At the time, the forestry sector was pioneering private standards on a global scale, potentially because the adoption of an international forests agreement had failed in Rio (Haufler 2003). However, in the late 1980s, the World Wide Fund for Nature (WWF) had already taken the lead in setting up a voluntary forest certification scheme. After UNCED, two international NGOs, WWF and Greenpeace, joined forces. Complementing and partly replacing strategies of naming and shaming, the NGOs began to participate in the formulation of voluntary certification to support businesses in “getting the process right” (Cashore, Auld, and Newsom 2004, x). This meant that Greenpeace³ in particular fundamentally changed its strategy to accomplish stricter environmental standards in global supply chains (Bartley 2007).

WWF and Greenpeace brought together representatives from governments, the timber industry, foresters, indigenous people, community forestry, wood product manufacturers, and certification companies from

twenty-five countries and created a new multistakeholder organization, the Forest Stewardship Council (FSC; see Bartley 2007; Haufler 2003, 246). A group of charitable foundations, including the Ford Foundation, the Rockefeller Brothers Fund, and Pew Charitable Trusts, formed the Sustainable Forestry Funders Network to allocate USD 40 million in funds collectively to the FSC, its certifiers, and supporting groups and to spur increased demand for certified wood from 1993 to 2001 (Bartley 2007, 322). In parallel, NGOs and environmental activists created buyers' groups (while more radical groups continued to pressure retailers through protests; Bartley 2007, 324). Moreover, several governments actively supported the implementation of the FSC in addition to other voluntary programs, in particular through public procurement policies that requested that state agencies and/or state-owned companies purchase only certified timber products (up to 20 percent of total timber consumption; Gulbrandsen 2014, 82). Bartley (2007, 322) highlights that the FSC did not emerge as a market response to consumer demands. Consumer demand was not even a particularly important factor; rather, companies anticipated demands of consumers. Charitable foundations funded the expansion of forest certification and worked to "make the market" for certified wood (Bartley 2007, 321; Lauber 1997, 106). In this vein, activism can create market opportunities that allow for corporate engagement in global governance (Bloomfield 2017, 27)

Although certification initiatives already existed before the WTO, its creation might have given them a new impetus. The Austrian government's support for the FSC illustrates this: When the UNCED failed to generate a binding international forest convention, the Austrian parliament adopted a national law in 1992 to restrict the import of tropical timber unless it could be shown to be sustainably produced. However, timber-exporting countries claimed that this constituted a protectionist nontariff barrier to trade under GATT. The Austrian government rescinded the law in 1993 but took the USD 1.2 million earlier allocated for the implementation and funneled the money into the emerging FSC (Bartley 2007, 321; Lauber 1997, 106).

In the neoliberal climate of the 1990s, voluntary certification became a steadily more accepted means of private (re-)regulation in an increasingly globalized trade system. The introduction of a unified label by FLO, independent from brands such as Max Havelaar, Cafédirect, and GEPA, paved the way for conventional companies such as Coop, Nestlé, and Starbucks to purchase some products produced in fair-trade conditions and to introduce

fair-trade segments into their conventional supply chains (Barratt Brown 2007, 272; Macdonald 2007). At first, certification schemes were clearly politically motivated and used Worldshops as a means to resist the “unfair” trade system, but these conventional corporations have been inclined since then to participate for the sake of market gains (Haufler 2003; Barratt Brown 2007).

Haufler explains that the commitment of conventional businesses to certification comes as a result of “the twin threats” (Haufler 2003, 248; similar discourse in Bartley 2007, 2018): First, environmental activism targets the public reputation of specific firms and industry sectors as a whole; and second, there is a “shadow of hierarchy” or continuous negotiations among governments on command and control types of regulation. As a response to these threats, business actors, particularly transnational corporations (TNCs), care about and even export human rights and environmental norms by adopting relevant labeling and certification schemes. In many countries, if companies finance their activities in the schemes through a fund or foundation, they receive tax exemptions, and certification becomes a zero-sum game: “The textile companies don’t want to reduce the margin or to increase their prices, because this will decrease their profit, and, on the other hand, they don’t have any problem giving millions into a fund to support sustainable cotton production. . . . The one will be taxed, and the other one will reduce the tax. Because if I give money into a fund and say, ‘oh, look, we do something great and supportive,’ then it’s tax free” (WB, November 13, 2017).

As a result of these threats and incentive structures, certification has become an essential element of branded marketing (Bloomfield 2017; Jacobs and Singhal 2017). Since expanding from their specialized shops and capturing conventional supermarkets in the 1990s, fair-trade and organic-certified suppliers have hence faced increasing competition for lower costs and prices and higher quality (Barratt Brown 2007).

In the agrifood sector, in which Demeter is still one of the most applied and strictest private standards, a multitude of international food labels has emerged since the 1990s. Kalfagianni (2015, 174) demonstrates that certification of foodstuffs has become a “normative obligation.” However, few standards are as ambitious as Demeter. Growing unclarity about what *organic* meant caused the US government to introduce a unified label, United States Department of Agriculture (USDA) Organic, in 2000. To use

this label, businesses must comply with the US National Organic Program (NOP). The EU Organic Regulation (EC 834/2007) is the equivalent in the EU and was adopted in 2007. If companies comply with the regulations, they are allowed to use official logos and qualify for public subsidies. While the US NOP applied to food and textile products from the very beginning, the EU Organic Regulation initially only addressed food products. However, in 2014, the European Commission also established an EU Ecolabel for textile products (2014/350/EU) based on the EU Organic Regulation. Both the United States and the EU now regulate how organic and ecological agricultural, food, and textile products in their markets have to be grown and processed. The regulations are based on the IFOAM guidelines, which require farmers to maintain and replenish soil fertility without the use of toxic, persistent pesticides and fertilizers. In addition, organic production relies on adequate animal husbandry and excludes the use of genetically modified organisms (GMOs; IFOAM 2019). Although certification continues to be voluntary, the IFOAM guidelines eventually took the form of public law, meaning that sovereign Westphalian authority is imposed on any farmer who wants to be organic certified (Cashore, Auld, and Newsom 2004, 22).

The legal clarification of what can be labeled organic and the introduction of unified labels, such as USDA Organic, aimed to bring greater clarity to consumers and prevent misinformation. However, they resulted in a greater variety of standards on a global scale. The IFOAM family encompasses forty-eight national and regional standards, including the US NOP and the EU Organic Regulation. The IFOAM standards also apply to smaller consumer markets, such as the East African Organic Products Standard, which defines criteria for labeling products as organic in Burundi, Kenya, Rwanda, Tanzania, and Uganda (if farmers produce organically for export, they need to comply with the standard of the destination market; IFOAM 2019). In addition to national and regional standards, we can observe a further sectoral differentiation. For example, as already mentioned, the EU created the organic textile label in addition to the organic food label (a green leaf) in 2014.

There is also a range of private standards that complements the public organic standards (see table 3.1). For textiles, Textile Exchange's Organic Content Standard (OCS) and the Global Organic Textile Standard (GOTS) are the most prevalent private organic labels used on a global scale. In the case of GOTS, the label emerged from cooperation among national textile

Table 3.1
Certification schemes for cotton from sub-Saharan Africa

Scheme	Stakeholder type	Initiator	Year founded	Certified products	Countries of production
Better Cotton Initiative (BCI)	Multistakeholder	WWF and International Finance Corporation (World Bank)	2010	Cotton	Australia, Brazil, China, CmiA countries (Burkina Faso, Ethiopia, Ivory Coast, Ghana, Mozambique, Tanzania, Uganda, Zambia, Zimbabwe), India, Israel, Mali, Pakistan, Senegal, Tajikistan, Turkey, USA
Cotton made in Africa (CmiA)	Multistakeholder	Aid by Trade Foundation (Michael Otto)	2005	Cotton	Burkina Faso, Cameroon, Ethiopia, Ivory Coast, Ghana, Malawi, Mozambique, Tanzania, Uganda, Zambia, Zimbabwe
Ecolabel for textile products (2014/350/EU) based on Organic Regulation (EC 834/2007) (IFOAM family; GOTS)	Public	EU	2014	Organic textiles, including cotton	All
Fair for Life (FFL)	Business	Swiss Bio Foundation & IMO Group (ECOCERT)	2006	Various, including cotton	All
Fairtrade Labelling Organizations International (FLO)	Business	Solidaridad, among others	1997 (cotton since 2005)	Various, including cotton	All (for cotton: West and Central Africa, India, Pakistan, Central Asia)
USDA Organic based on National Organic Program (NOP)	Public	United States	2000	Various, including cotton	All

Source: Author's compilation based on information provided on the homepages of the certification schemes.

certifiers: the Organic Trade Association (OTA) from the United States, the International Association of Natural Textiles (IVN) from Germany, the Japan Overseas Cooperative Association (JOCA), and the Soil Association from the UK (GOTS 2018). An international working group started to develop an agreement on common license conditions in 2002, which were first published in 2009 and have regularly been revised since then (GOTS 2018). However, in addition to the GOTS label, for example, the OTA continues to use the USDA Organic label on textiles (OTA 2017), and IVN also continues to label textiles with its own earlier IVN Best brand (IVN 2018). Moreover, FLO started to certify cotton and textile products in 2005, with the option for smallholders to produce organically and receive a premium price (Fairtrade 2017). This means that the creation of a unified label for the international market did not lead to fewer but rather to more standards.

While earlier private standards such as IVN Best certify only textiles made of 100 percent natural and organically produced fibers (IVN 2018), GOTS compromised by providing the GOTS label grade organic to textiles containing a minimum of 95 percent certified organic fibers. Furthermore, GOTS has a second label grade, made with organic, for textiles that contain a minimum of 70 percent certified organic fibers (GOTS 2018). The Textile Exchange also offers two labels: the first, OCS 100, is similar to the first GOTS label and guarantees textile content of 95 to 100 percent organic fibers. The second Textile Exchange label indicates an organic blend of at least 5 percent of all cotton used for a textile (Textile Exchange 2017). Therefore, though there are legal requirements for what can be labeled as organic in each market, the example of organic textile certification illustrates that this does not always lead to greater clarity or the prevention of misinformation.

In contrast to organic branding, labeling of products as sustainable and fair trade is not restricted (only private brands and labels, such as Max Havelaar and FLO, are registered trademarks). Although FLO created its international label in 1997, for which businesses can receive licenses and which is recognized by consumers around the world, FLO member organizations, such as Cafédirect, Max Havelaar, and GEPA, have continued to use their own (original) labels on their products. In addition, a range of international labeling organizations emerged. For textiles, there are the Fair Wear Foundation (FWF) and the Fair Labor Association (FLA). The FWF certification scheme resulted from a European multistakeholder initiative in

1999. It aims to improve workplace conditions in the garment and textile industry (which is also covered by the general FLO standard; FWF 2017). In the United States, a range of TNCs and NGOs in cooperation with almost two hundred US universities and colleges founded the FLA as part of an initiative of US President Bill Clinton, also in 1999. The FLA is a business-to-business standard with no label on the final product (FLA 2017). Businesses often use it in combination with Social Accountability International (SAI), which owns the SA8000 Standard that guarantees compliance with UN conventions—in particular, the International Labor Organization (ILO) standards (Bartley 2007; SAI 2017).

In 2004, the WFTO, which cooperates with FLO and was founded by GEPA, among other fair-trade pioneers, launched a fair-trade-certification scheme to register fair-trade organizations worldwide (as opposed to labeling products, in the case of FLO) and to guarantee that standards are being implemented regarding working conditions, wages, child labor, and the environment (WFTO 2017). Although there had been a general trend among organic and fair-trade pioneers to increasingly unify their national and regional labels since the 1990s, Fair Trade USA (FTUSA) announced resignation of its membership from FLO in 2011 (Fairtrade 2017). This allowed FTUSA to start certifying middle- and large-scale production sites, whereas FLO continues to work only with smallholder farmers (MK, interview September 8, 2017).

In parallel to the emergence of pioneer schemes based on ambitious standards, in particular the guidelines of IFOAM and FLO (and FTUSA), a number of certification schemes emerged that were developed and are operated by conventional businesses. In the forest sector, after the FSC had already been established, members of timber (processing) industries started to create their own certification schemes, without participation of public actors or NGOs (Kleinschmit 2015). Such industry-driven “business-only” certification schemes were originally conceived to counter the influence of the more ambitious pioneer schemes (Dingwerth and Pattberg 2009). For example, the American Forest and Paper Products Association developed its own Sustainable Forest Initiative—which some activist groups, such as the Rainforest Action Network, criticized as “greenwash” (Hauffer 2003, 247). In particular, the Programme for the Endorsement of Forest Certification (PEFC) is interpreted as an industry response to the environmental NGO-based FSC. The PEFC is an umbrella organization that gathers

thirty-five independent national forest certification schemes (Gulbrandsen 2014, 79; McDermott, Irland, and Pacheco 2015, 135). As an NGO representative stated: “I don’t know the specifics, but some of [the schemes] are really like greenwashing, and they are an attempt to dilute the best standard in organic. . . . They are confusing consumers a lot; because you know you are a normal consumer . . . you see some certification with green letter and lalala. . . . And you are going to think you are buying something that is very beneficial for the environment and it comes with a price premium, but . . . I wonder really what the real benefit for the environment and the farmers for some of these schemes is” (RT, interview November 3, 2017).

In the cotton and textile sector, conventional retailers set up two schemes: Cotton made in Africa (CmiA) in 2005 and the Better Cotton Initiative (BCI) in 2010 (see table 3.1 for an overview of schemes; see also Sneyd 2011, 2014). Michael Otto established the Aid for Trade Foundation in 2005, which owns CmiA (CmiA 2018). Otto is a German businessperson and owner of one of the world’s largest e-commerce companies, which bears his family name (Otto; see Partzsch and Fuchs 2012). About thirty conventional textile retailers (e.g., Aldi, BAUR, H.I.S. Jeans), cotton producers and traders (e.g., Reinhart, SECO), and public donor institutions (e.g., KfW, the German government-owned development bank) participate in or support CmiA. Several NGOs, such as the German NABU, WWF, and Welthungerhilfe, contributed to formulating the CmiA standard (CmiA 2018). The standard is less ambitious compared to fair-trade and organic certification. Similarly to CmiA, BCI, which has become the most popular scheme and certifies 12 percent of the global market, focuses on “minimum requirements” (BCI 2018). According to BCI, “minimum requirements are just the first stage. At the same time, farmers are encouraged to develop further through improvement requirements” (BCI 2013, 2), and “there are no requirements for farmers to step-up through the different levels and they can choose to stay at pass level [meeting only the minimum requirements] if they wish” (BCI 2013, 12). However, in contrast to the PEFC in forestry, NGOs and public actors participated in the standard setting for BCI and CmiA—like PAN UK, for example (whose sister organization PAN Ethiopia helps smallholders to accomplish organic certification on the ground, discussed ahead; see BCI 2018; CmiA 2018).

As there are legally binding minimum requirements (besides those for organic labeling in the EU and the United States, for example), certification

standards vary considerably not only in the cotton/textile sector, but in other sectors as well. For example, in the coffee sector, FLO gives small-holder farmers a guaranteed price, at least 10 percent above the world price. Moreover, farmers receive 50 to 60 percent of the price in advance when the bags of coffee beans are delivered to the cooperative where they are hulled, and then the remainder when the product is finally sold (Barratt Brown 2007, 271). In comparison, conventional corporations such as Starbucks are paying prices that are higher than average in the specialty industry as a whole, but in most cases these prices are still lower than those paid by FLO (Macdonald 2007, 812). Further, conventional corporations, such as Nestlé and Starbucks, often buy conventional and fair-trade coffee from the same cooperative—for example, in Ethiopia. In these cases, while the price of fair-trade coffee is determined by FLO (or a different certification scheme), the TNC can simultaneously negotiate a lower bargain price for its conventional share; that is, it can undermine FLO prices (while those retailers buying only fair-trade coffee cannot and are hence disadvantaged; FH, interview January 13, 2017).

In the case of Cafédirect, GEPA, and Max Havelaar, 100 percent of the certified coffee comes from fair-trade plantations (Barratt Brown 2007, 271). For coffee, FLO requires 100 percent to be fair trade, but to receive the license for other products, only 50 percent needs to be fair trade (Barratt Brown 2007, 272). Barratt Brown (2007, 273) argues that this leads to a situation in which companies are considered fair trade despite only a minor share of their products actually being fair trade. In line with this, he recalls the case of Nestlé announcing that it was offering fair-trade coffee supplied from Ethiopia, but this Ethiopian coffee only contributed 0.02 percent of Nestlé's global coffee sales (Barratt Brown 2007, 273).

Moreover, some certification schemes use a “mass balance” approach, which means that the certified product itself does not necessarily need to contain materials produced under stricter environmental and social conditions. Instead, a company's overall share of products carrying the label needs to be consistent with the share of the material from certified production (similar to “green” electricity that is fed into the grid system but does not necessarily reach the consumer paying more for a renewable energy supply). This allows companies to use the same processing machines and transport infrastructure for both certified and noncertified products (CK, personal communication, July 10, 2017). In this case, certified products are

completely integrated in the conventional system of agriculture and trade (as opposed to the movements' pioneers who had developed an independent supply system based on alternative shops and the like). FLO refuses the principles of mass balance and attaches importance to the physical traceability of products (Fairtrade 2017). Likewise, organic labels, such as GOTS, insist on the *pull effect*: a company aiming for certification needs to convince all its suppliers and potential customers of the benefits of certification (see figure 3.1; LP, interview, January 22, 2018). (However, both GOTS and OCS have the additional option of Made with Organic labeling, and this allows a share of up to 30 percent or 95 percent of conventionally produced cotton in their products, respectively.)

Because today most certification is concerned with either environmental or fair-trade/social standards, many products carry several labels. For example, more than 70 percent of fair-trade-certified cotton farmers are also farming in accordance with the IFOAM standard and hence comply with the USDA Organic and EU Organic labels (Textile Exchange 2016, 67). GEPA uses nine different certification schemes, including FLO and the EU Organic label for food and textiles (GEPA 2017). The Swiss Bio Foundation created the international Fair for Life (FFL) scheme in 2006, which combines organic and fair-trade certification (FFL 2018). Several other schemes combine environmental and social standards at a less ambitious

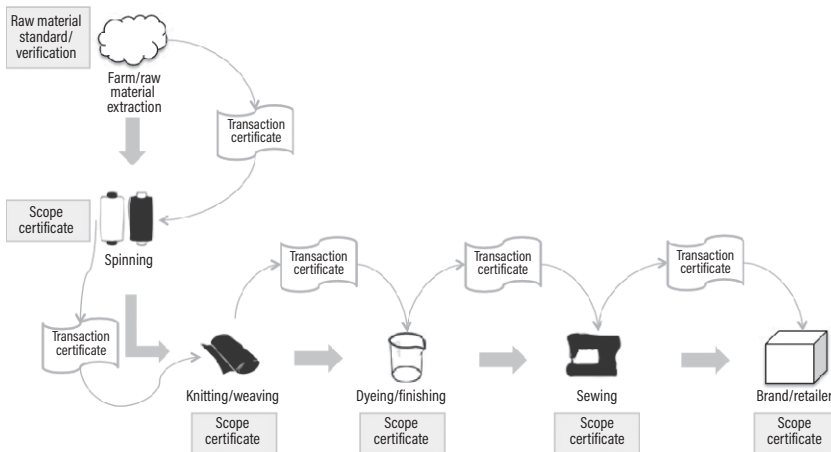


Figure 3.1

Pull effect in certified supply chains. *Source:* Textile Exchange 2016.

level. However, most schemes are only interested in particular production steps; for example, FLO concentrates on farming and manufacturing in the Global South (while, for example, wages of shop assistants in consumer countries are not addressed). Only a few schemes, such as FFL, certify the entire supply chain with regard to environmental and social criteria (FFL 2018).

3.1.3 Impact in the Global South

The volume of certified products is continuously growing as environmental and fair-trade/social certification is increasingly accepted in conventional supply chains. In particular, the organic sector is expanding. Since 1999, on a global scale, there has been a fourfold increase in organic agricultural land, from 11 million to 43.7 million hectares in 2014 (Textile Exchange 2016, 8). However, regarding the overall market share, uptake of voluntary schemes has remained limited, and alternative or ethical trade is far from substituting for industrial agriculture and the colonial division of labor between producers in the Global South and consumers in the Global North. Organic agriculture has a worldwide market share of only 1 percent (Rapunzel 2014, 3). Fair-trade and organic certified cotton together have a world market share of about 3 percent (FLO 2015, 24, 127; Textile Exchange 2016, 127, 5). Industry-driven certification initiatives have achieved a global market share of at least 12 percent (BCI 2018). In total, however, less than 20 percent of global cotton produced was grown under voluntarily stricter social and environmental conditions in 2016 (BCI 2018).

Most research on the impact of private regulation has been conducted on forest certification. Here, the vast majority of voluntarily certified area can be found “in the rather well-managed and commercially operated forests of temperate zones” (Pattberg 2007, 248). Although the FSC is one of the most successful voluntary schemes, accreditation rates range from 47.2 percent of total certified area in Europe and 36.3 percent in North America, to 6.8 percent in Latin America, 4.3 percent in Asia, 4 percent in Africa, and 1.3 percent in Oceania (data for May 2016, FSC 2019). In other words, if the FSC was meant as a response to the rapid destruction of tropical rainforests (Haufler 2003, 246), the numbers show that it failed to reach this objective; instead, forest certification failed to slow deforestation (Fishman and Obidzinski 2014, 258). Only 1 percent of Southern community forest groups have been able to obtain a certificate, and many of these groups are unable

to pay the costs of certification without help from public development or NGO projects (Nygren 2015, 403–404).

When McDermott, Irland, and Pacheco (2015) systematically assessed the impact of voluntary forest certification in the Brazilian Amazon, they found that it did not accomplish the prevention of deforestation for three main reasons. First, higher prices for certified timber could not prevent the expansion of agriculture as the main driver of deforestation. Second, the costs of certification turned out to be too high for smallholders, excluding them from sustainable forest management, with additionally negative effects of market concentration. Third, the complexity of supply chains and products was higher for tropical timber export products than for European and North American timber products sold at domestic markets. In consequence, forest certification turned out to “favor large producers and concentrated supply chains destined for external markets . . . while extensive legal requirements inhibit local benefit-capture” (McDermott, Irland, and Pacheco 2015, 134). Private certification standards are animated by the idea of “pulling forests and factories out of their local contexts and up to global best practices” (Bartley 2018, 5). For global business, harmonized environmental standards have the same effect as a cartel: potentially harmful competition in voluntarily self-restricted markets is avoided (Du 2018). At the same time, they rest on the view of local sociopolitical contexts as “backwards, repressive, and incapable of effective regulation” (Bartley 2018, 5). In consequence, there is growing criticism regarding the effectiveness of the forest certification schemes, especially if timber originating from natural forests receives the FSC or PEFC seal. A lack of control, a divergence of national rules, and a dependence on the certifiers are the main points of criticism (Kleinschmit 2015, 85).

As certification initially focused on the environmental aspects of deforestation prevention, economic and social consequences, especially in the Global South, were often neglected (McDermott, Irland, and Pacheco 2015). Moreover, Nygren (2015) finds that certification builds upon images of Southern community producers as authentic and exotic “others.” They are portrayed as people who cherish local traditions and toil for their living. Within this imagery, the Southern producer thus becomes a vehicle for selling cultural distinction as exoticism alongside tradition as beauty. The stories behind products are crucial to the sale of certified products, and the images of people are carefully selected. For example, people sawing

timber barefoot or carrying planks on their shoulders on muddy slopes are not chosen. There is little consideration of the terms of Southern producers' participation in the global markets or the distribution of benefits and constraints among actors involved. Although certification schemes may increase transparency and shorten the distance between Northern consumers and Southern producers, they do not change asymmetrical trade relations (Nygren 2015). Studies on certification in diverse sectors found that pro-poor aspects of certification are generated through donations and not through the market (Hilson, Hilson, and McQuilken 2016; Hilson 2014; Sneyd 2011, 130; 2015).

In this vein, Koenig-Archibugi and Macdonald (2013) differentiate between, on the one hand, environmental certification that is aimed at producing benefits that are widely spread across the world's population and, on the other, fair-trade/social schemes that are directed toward specific groups of beneficiaries. These groups—normally producer groups in the Global South—are separate from “givers”—consumers in the Global North who voluntarily pay more for certified products (Koenig-Archibugi and Macdonald 2013). Cotton and textile certification is an exception to which this differentiation does not apply. Conventional cotton cultivation raises many environmental concerns, even though it is a cash crop with a fair-trade component.

Now that I have explained the concepts of environmental and fair-trade/social certification in general, I will analyze the case of cotton certification in Ethiopia in more concrete terms.

3.2 Country Study: Cotton and Ethiopia

Ethiopia, one of the least-developed countries with a nominal gross domestic product (GDP) per capita of USD 860.56 (in 2017), has a long tradition of producing and processing cotton (see figure 3.2). Newborns are traditionally wrapped in hand-woven cotton cloth, made with hand-spun yarn, and so are bodies of the deceased for burial (AM, group discussions, September 4–5, 2017). At the same time, cotton is a cash crop and its conventional cultivation causes major environmental and social challenges, including pollution and health risks due to (improper) use of pesticides and synthetic fertilizers (Brooks 2015; Partzsch, Zander, and Robinson 2019). When the cotton price went down in the 1990s, hardly any cotton was still produced



Figure 3.2
Ethiopia on map of Africa

in the country. Only with the recent price recovery have large corporate farms and smallholders restarted cotton production (BW, personal communication, June 27, 2017; AM, group discussions, September 4–5, 2017), with fifty-four thousand hectares of land designated for the cultivation of cotton (EIA 2012). In addition, between 2012 and 2017, the Ethiopian textile industry has grown at an average rate of 51 percent per year. More than sixty-five international textile investment projects have been licensed for foreign investors during this period (Alliance Experts 2017).

The Ethiopian government hopes that cotton and textile exports will increase foreign exchange earnings to stabilize the country's currency, generate fiscal revenue, and provide inputs for import-substituting industries (AT, interview, September 7, 2017). There are plans for the country to become the fifth-largest cotton-producing country in the world (Aga and Woldu 2014).⁴ Voluntary certification programs promise to ensure the sustainability of this development (Textile Exchange 2017). Currently, two programs are active in Ethiopia: the Global Organic Textile Standard (GOTS) and Cotton made in Africa (CmiA). CmiA is the local partner of the Better Cotton Initiative (BCI), and the Fairtrade Labelling Organizations International (FLO) also works in the country but does not have any cotton projects at the current time (Fairtrade 2017; see table 3.1). The Ethiopian government generally supports the certification schemes as a means to adapt to global markets (Lefort 2012). This was supported by one interviewed representative: "We need to have [certification] at least for these big companies that work in this textile sector. Most of them are established here to 'interim' to the global market. And the global market needs this certification. . . . As a matter of fact, the market *dictates* it to them" (AT, interview, September 8, 2017, emphasis added).

3.2.1 Cotton in Ethiopia: Environmental and Social Challenges

Following limited success with agricultural policies since the 1990s, which placed a strong emphasis on smallholder productivity and domestic linkages, the Ethiopian government is now increasingly focusing on more trade-oriented, large-scale commercial agriculture as the impetus for agricultural industrialization. Against this backdrop, cotton agriculture is an example of the developmental state in Ethiopia (Lefort 2012; Reynolds, Murray, and Heller 2007). In its 2015 five-year Growth and Transformation

Plan (GTP II), the Ethiopian government made the promotion of large-scale commercial agriculture one of its core objectives (NPC 2016). It is building on earlier commitments made under its predecessors, the first 2010 Growth and Transformation Plan (GTP) and the 2005 Plan for the Acceleration and Sustained Development to End Poverty (PASDEP; see Schoneveld and Shete 2014, 18).

Between 1992 and 2010, up to 2.71 million hectares of land have been transferred to investors. This is equivalent to 58.2 percent of the total area suitable and available for agricultural production (Schoneveld and Shete 2014, 19). Land in Ethiopia is exclusively owned by the state. When allocating land for agricultural expansion, foreign investment contracts are based on the Agricultural Investment and Land Lease Directive and other pertinent legislation, such as the Labor Proclamation (no. 337/2003), the Water Resource Management Regulation (no. 115/2005), and the Environmental Pollution Control Proclamation (no. 300/2002). These encompass environmental requirements, such as planting trees that are good for the soil and the responsible use of pesticides. However, as these requirements are vaguely formulated, they leave significant latitude for interpretation. Socioeconomic considerations dominate environmental considerations in land allocation (Schoneveld and Shete 2014, 29).

For the most part, cotton is still grown by smallholders with one to three hectares of land, along with other crops, such as maize and sesame (Bassett 2010; EIA 2012), but there are now some of the first large-scale commercial cotton farms in Ethiopia (BW, personal communication, June 27, 2017). In consequence, however, Ethiopian farmers face increasing competition. Although middlemen lose significance at the local level (AM, group discussion, September 4, 2017), the cotton trade is increasingly concentrated on a few traders at the global scale (Quark 2013). As a raw material, cotton is a low-value good that is strongly affected by fluctuating world market prices (Brooks 2015, 116). The phaseout of the Multi Fibre Arrangement (MFA) from 1995 to 2005 liberalized trade in apparel and, paired with the accession of China to the WTO in 2001, shifted the geography of textile production. Since 2005, the textile trade has been subject to the normal WTO rules (Quark 2013, 26). Transnational merchants and retailers now play the leading role in setting up production networks. Only a handful of them link geographically dispersed cotton producers and geographically dispersed and relatively small-scale textile manufacturers who shifted from

Western Europe to Asia—and now continue to shift to poorer countries, including Ethiopia (Quark 2013, 26).

Observers remark that patterns of trade that were established in the colonial period prevail, although the companies and nations involved have changed (Brooks 2015, 105). Value is added in downstream industrial and service sectors outside Africa, and African labor for cotton production continues to receive only a tiny proportion of the final sale price (Brooks 2015, 106). Cotton field workers receive as little as USD 0.60 per day, and almost 90 percent are casually employed as day laborers, which generally provides between three and four months of full-time employment per year. Children and young adults are also commonly employed to gain supplementary family income (Schoneveld and Shete 2014, 31).

Today, China is the primary destination for African cotton, accounting for 36 percent of the world's cotton imports (followed by Bangladesh, Turkey, Indonesia, and Vietnam), whereas textiles manufactured in China continue to be sold to Europe and the United States (Hoskins 2014; Brooks 2015, 116). In the past, the WTO has twice judged US subsidies that enable American farmers to maintain their strong position as cotton exporters to be illegal, but the US government has failed to act, and world market prices are reduced by an estimated 10 percent due to the effect of US subsidies (Azubuike 2018, 141; Brooks 2015, 116). In 2009 to 2010, however, China even overtook the United States as the largest dispenser of cotton subsidies. In addition, China imposes import duties from 5 percent up to 40 percent on cotton imported outside of the annual 894,000 outside of the annual import quota related to WTO obligations, and this further disadvantages African farmers (Brooks 2015, 116; Quark 2013, 3). Furthermore, Sneyd (2015, 63) explains that when Brazil agreed to end its dispute on cotton subsidies with the United States, this deal was made at the expense of African farmers too. Brazil received a one-off USD 300 million payment, which directly funded the development of Brazil's capacity to export cotton. While its African competitors came away empty-handed, Brazil could develop a capital-intensive, high-tech cotton-production industry.

Alongside (distorted) supply and demand, factors influencing the cotton market include weather and agricultural shocks (droughts, floods, pest attacks), fiber quality, the amount of cotton stock stored in reserve, and competition from other commodity crops (Textile Exchange 2016, 33). Fiber quality in particular has become a highly controversial issue (Quark

2013, 85–118). African farmers are generally considered to produce some of the highest quality cotton (CK, personal communication, July 10, 2017; Quark 2013, 26). However, the United States wants to form a single set of fiber-quality standards and a common instrument for measuring fiber quality based on its domestic system, and African countries accuse this system of being biased toward US cotton. Moreover, they are concerned that the capital-intense measurement instruments are inappropriate for poorer farmers in the Global South (Quark 2013, 2–3). At the same time, China has started to demand quality inspections based on its own criteria (Quark 2013, 3).

Besides such fair-trade issues, the production of cotton raises major environmental concerns. Cotton is one of the thirstiest agricultural crops, and irrigation allows for higher cotton yields and fiber quality. Most cotton crops in Ethiopia are irrigated (FAO and IFC 2015), which can deplete water resources, increase soil salinity, and exacerbate chemical runoff from farms (Williamson 2011). Although chemical inputs such as pesticides and fertilizers do not have a long history in Ethiopia, over 90 percent of farmers now rely on them. Pesticide application has adverse effects for human health and the environment, which are aggravated by a lack of knowledge on the part of cotton farmers and no access to alternatives (Amera and Abate 2008; Mekonnen and Agonafir 2002). Application of chemical inputs also can cause biodiversity loss; contaminate water, soil, and air; poison livestock and wildlife and compromise ecosystem services (FAO and ICAC 2015, 15). Twenty-eight percent of all African reservoirs and lakes have been found to be in a eutrophic state (IUCN 2018). At the same time, a large share of the population relies on untreated surface water—for example, 44 percent of the population in the highest region of Ethiopia, where 80 percent also rely on open defecation (WHO and UNICEF 2017, 96–103).

Against this backdrop, mega dam building and the introduction of genetically modified (GM, transgenic) organisms have been highly controversial issues in Ethiopia (BW, interview, September 2, 2017). Both demonstrate the Ethiopian path to further industrialize agriculture. Several scholars have outlined how dam building, such as the Gibe-3 dam venture on the Omo River, has taken away large tracts of land from pastoral and agrarian peoples for the sake of development and central state control (Lefort 2012; Beyene and Sandström 2016). Since 2015, the Oromo have been staging mass protests to decry, among other things, land grabs from farmers for textile

factories (Donahue 2018). While the government insists on the damming to serve hydropower purposes, the expansion of irrigation is only the next logical step in enhancing large-scale cotton farming (FAO and IFC 2015; Schoneveld and Shete 2014). To this effect, the approval of genetically modified cotton in June 2018, only two months after Abiy Ahmed became prime minister, underlines the fact that the current Ethiopian government has continued to follow its chosen path of the developmental state since 2005 (Fikade 2018; Abbink 2011).

3.2.2 Organic Cotton Certification in Ethiopia

Voluntary certification programs are the most substantial private regulatory effort to address social and environmental challenges neglected or deferred by governments (Sneyd 2011; Raynolds, Murray, and Heller 2007). The International Federation of Organic Agriculture Movements (IFOAM) has two members in Ethiopia: Kihedam Trading PLC, a family company with one thousand hectares of farm land, and the Institute for Sustainable Development (ISD), a registered Ethiopian NGO that was founded by Sue Edwards and her husband and former director general of the Environmental Protection Authority Tewelde Berhan (IFOAM 2019). The ISD collaborates with the Pesticide Action Nexus Association (PAN) Ethiopia and Solidaridad (which established Max Havelaar, the first fair-trade label, in 1988). With funding from the Food and Agriculture Organization (FAO) and from UK charities Textile Reuse and International Development (TRAID) and the Sainsbury Family Charitable Trusts, PAN worked with two thousand cotton smallholders close to Arba Minch and helped them obtain EU Organic certification (Amera 2016, 2018; PAN UK 2017). Their cotton hence qualifies for GOTS.

There was a second organic cotton project in Ethiopia's Omo Valley, managed by the Turkish textile company Else Addis, on 880 hectares of land (1.6 percent of the country's land cultivated with cotton; Textile Exchange 2016, 39). However, the project stopped producing organic cotton in 2015–2016 due to critical social unrest in the region (LE, personal communication, October 31, 2017). Civil society groups accused the company of land grabbing and deforestation in a conservation area (Dove 2014). The Else Addis Industrial Development PLC, one of two companies certified by GOTS in Ethiopia (besides Ayka Addis Textile & Investment Group; see GOTS 2018), then imported certified organic cotton from India

(AT, interview, September 7, 2017), before it went completely bankrupt and disappeared from the GOTS website (GOTS 2018).

I met with both Ethiopian IFOAM members in Addis and visited the Arba Minch organic cotton project in September 2017. In the presence of a PAN Ethiopia representative, on September 4, 2017, I conducted a group discussion with farmers who did not participate in the certification process, but who PAN Ethiopia had trained in farming without pesticides. A second group discussion, on September 5, 2017, included the two heads of the cooperative that the farmers formed in order to apply for the EU Organic certificate. The farmers celebrated an annual agricultural day on September 5, with two stalls, several talks, a theater play, and field visits, to which I was invited. Again, I was able to conduct two semi-structured interviews before and after the event. I also conducted several semi-structured interviews in Addis with people involved in the textile industry and/or certification, including those who opposed organic farming as an alternative development path for Ethiopia. Moreover, I conducted several interviews and exchanged emails with organic companies in the downstream part of the supply chain in order to verify or discuss the information received in Ethiopia. All interviews and the discussions lasted between thirty minutes and three hours. The interviewees insisted on anonymity as they revealed sensitive economic and political information.

In line with the Ethiopian government's agenda, all interviewees voiced the aim of increasing the country's cotton export volumes and of receiving reasonable prices. However, whether this can be achieved by means of organic farming and certification was controversial. A general misunderstanding tended to be that as soon as the EU Organic regulation was fulfilled, European buyers would purchase the cotton at a higher price (AM, group discussion, September 5, 2017). In contrast to this assumption, finding trade outlets and marketing organically produced cotton turned out to be an insurmountable challenge. At the same time, to fulfill the requirements of the EU Organic standard, the farmers had to use organic seeds, and PAN imported those seeds from India (AM, group discussion, September 5, 2017). Therefore, although the Arba Minch project refrained from using imported pesticides and fertilizers, it still required imported inputs.

Furthermore, organic cotton currently does not achieve higher prices compared to conventional produce (Textile Exchange 2017, 34). Due to a lack of transport capacities, the Arba Minch farmers were forced to sell to

the next ginning plant, which was not willing to acquire organic certification (AM, group discussion, September 5, 2017). Organic-certified plants existed only in Addis (GOTS 2018). In addition, as the smallholders had hardly any storage capacities (and no financial reserves), they were forced to sell their cotton right after harvest at a low price (AM, group discussions, September 4 and 5, 2017; BW, interview, September 2, 2017). In general, farmers have to follow the market, and most smallholders do not have the funds to hold on to their cotton and wait until they find the best buyer: it can be a very unequal transaction (Textile Exchange 2016, 34).

When I met with the Arba Minch farmers, they were still in the process of being certified. After receiving training from PAN Ethiopia on integrated pest management (IPM) and organic farming practices, they were already able to triple their harvest (AM, group discussions, September 4 and 5, 2017). PAN Ethiopia conducted a baseline survey on conventional cotton producers in January 2013 before the project started. The yield per hectare of seed cotton for conventional growers was 8–10 quintals per hectare. After one year of intervention, the yield of the involved farmers was 18–23 quintals per hectare for the 2013 crop, while the seed cotton yield for the 2014 production season for the farmers was 30–36 quintals per hectare, more than triple that of the baseline.⁵ Moreover, the local cotton price was ETB 10 (around EUR 0.38) per kilogram in 2013 when the project started, but it increased to ETB 16 (around EUR 0.61) per kilogram in 2014. PAN Ethiopia attributes this price increase to the establishment of a farmer cooperative in which the farmers coordinated to avoid the interference of middlemen (Amera 2016). However, this price is still well below the world market cotton price (Cotlook A index⁶), which ranged between USD 1.5 and 2 (around EUR 1.68 and 2.25) per kilogram in 2014 (USD 1.9/kg in June 2017). Further, it does not include the third-party auditing costs for certification (around EUR 4,000 in the Arba Minch case; AM, group discussion, September 5, 2017; LB, September 4, 2017).

PAN Ethiopia received international donor funding to assist the smallholders in Arba Minch accomplish organic certification following the EU Organic Regulation (which is recognized by IFOAM; PAN UK 2017). Control Union Certifications Ethiopia performed the certification process. This group is a local branch of an international private company that was founded in the Netherlands in 2002 and offers auditing services for certification in more than seventy countries today (Certification Control Union

2017). In Ethiopia, there are in total only three employees who testify and check compliance with any certification standard for a range of products, including cotton production compliance with the EU Organic Regulation (LB, September 4, 2017). Although the three employees are from Ethiopia, the Control Union is perceived as a Western company controlling African farmers and processors. Certification schemes insist on international companies, such as the Control Union, as they do not trust Ethiopians (MK, September 8, 2017). The auditor in Arba Minch told me that he must avoid certifying projects in which his relatives are involved (LB, September 4, 2017). However, he often faced personal conflicts when examining the farmers. He explained that smallholders are lacking awareness and that they need assistance from NGOs. But PAN Ethiopia only visited the farmers every three to four months in the project phase, and the auditor did not consider this enough, as most of the smallholders were illiterate and overstrained with the formalities of certification (LB, September 4, 2017).

Because the primary interest of farmers is to receive higher prices for their yield, fair-trade certification would have been the better choice for the Arba Minch project. In 2016, FLO invented a special cotton program with a guaranteed minimum price that is supposed to cover the farmers' expenses in the long term (however, there are not any projects in Ethiopia yet). If the local cotton price is higher than the fair-trade minimum price, retailers have to pay the higher price. In the FLO program, buyers also need to pay more for organic cotton. In addition to the fair-trade minimum price, there is an organic premium of EUR 0.05 (ETB 1.6) per kilogram of cotton for community purposes, such as schools and health and infrastructure projects (Fairtrade 2017); that is, the Arba Minch farmers would receive higher prices through FLO compared to the EU Organic certification. However, PAN Ethiopia helped the Arba Minch farmers to achieve certification according to the EU Organic Regulation. Alternatively, farmers were only considering compliance to the US NOP (which was not possible because US NOP only issues organic certificates for combined cotton cultivation and ginning, and the farmers knew that they had no access to an organic certified ginning plant). They were not aware of other certification options besides the IFOAM family standards (AM, group discussion, September 4 and 5, 2017). Their choice of the EU Organic Regulation reflects their (false) expectation to be able to export their harvest at a high price to Europe.

3.2.3 Cotton Certification with the Conventional Industry in Ethiopia

By being certified, the organic farmers in Arba Minch joined the movements that originally aimed to oppose industrial agriculture and to develop valid alternatives to the conventional trade system. In addition to this type of certification, we can observe an even greater interest of the conventional cotton and textile industry in voluntary certification schemes, such as Cotton made in Africa (CmiA) and the Better Cotton Initiative (BCI; Sneyd 2011, 2014). In Ethiopia, the CmiA initiative is the local partner of BCI, and farmers who qualify for the CmiA certification are able to market their cotton as both BCI and CmiA (BCI 2018; Sneyd 2014). CmiA has three partners in the country: the Ethiopian Cotton Producers, Ginners, and Exporters Association (ECPGEA); Metema Union, a cooperative with ten thousand members in the northeastern portion of the country; and Kanoria Africa Textiles PLC Ethiopia, a subsidiary of an Indian chemical company. Their project sites are in Metema, Quara, Tach Armachiho, and Tegede woredas (BW, interview, September 2, 2017). Whereas NGOs were involved in the CmiA standard setting, they do not play a major role on the ground. Only WWF is involved in implementation (BW, interview, October 29, 2017; WB, interview, November 13, 2017).

While the GOTS label ensures certification of the entire supply chain from seed to sale (GOTS 2018), CmiA focuses on cotton cultivation and ginning (BCI 2018; CmiA 2018). CmiA only certifies smallholders with one to three hectares of land, rather than medium or large-scale farmers (CmiA 2018). CmiA emphasizes that certification does not depend on donor funding, in contrast to NGO-initiated projects, such as the externally funded PAN project in Arba Minch. Fifty million textiles were marked with the CmiA label in 2016. License revenues for the CmiA label reached almost EUR 1.5 million (CmiA 2018). The money raised is mainly used to provide trainings for smallholders on cultivation methods and business practices in order for them to be able to produce cotton in a less harmful and more efficient way (CmiA 2018). CmiA partners also guarantee the purchase of the smallholders' harvest as an incentive for them to participate (BW, interview, September 2, 2017). In 2014, the smallholders received ETB 14 (around EUR 0.50) per kilogram of cotton (BW, interview, September 2, 2017, while the Arba Minch farmers received ETB 16 per kilogram in the same year, and FLO would even pay a premium on top (AM, group discussions, September 4 and 5, 2017).

The CmiA standard includes ecological and social criteria but does not comply with the IFOAM guidelines of organic farming. Instead of prohibiting toxic pesticides and fertilizers, CmiA aims to progressively reduce their use. Only the use of illegal pesticides is not tolerated, and vulnerable people, such as pregnant women and nursing mothers, are kept from working with pesticides on CmiA farms. People working with CmiA (and BCI) generally denied problems resulting from the use of pesticides and synthetic fertilizers in Ethiopia, or they traced them back to their inadequate use by smallholders. One interviewee stated that “in Ethiopia, specifically [in] CmiA regions, pesticides application is very, very limited and minimal. So, I don’t think we have . . . detrimental effects on the environment through the application of any form of pesticides, I mean, [of] herbicides or insecticides. . . . CmiA does not have a strong stance on pesticides” (BW, interview, October 29, 2018). In a similar vein, another said: “You know farmers are not happy. . . . Most of their money and effort are going with pesticides and fertilizers, *because they are indiscriminately using them too much*. So many problems are there, health problem[s], environmental problem[s], without any systematic study, if you want to have cotton production” (SVR, interview, November 2, 2017, emphasis added; similar in CK, personal communication, July 10, 2017).

Furthermore, CmiA does not allow farmers to use any artificial irrigation and prohibits deforestation of primary forests, as well as encroaching upon nature reserves. This can be considered more ambitious than the IFOAM guidelines, especially regarding the controversy about dam construction and the expansion of irrigation infrastructure in Ethiopia. In addition, CmiA restricts GMOs (while BCI allows growing Bt cotton). Again, however, CmiA does not necessarily exclude Bt cotton due to a political bias against GM techniques, but because the initiative assumes an inadequate use by smallholders in Ethiopia: “In Australia, 1,200 farmers are growing cotton and they are growing GMO cotton. It’s easy to train 1,200 highly educated farmers on the proper use of GMO, but it’s very difficult to train 500 African small-scale farmers, most of them illiterate on the proper use of GMO. That’s the difference. It’s like if you have a Porsche, but you don’t have a federal highway” (WB, interview, November 13, 2017).

CmiA also commits to some articles of the ILO standards, including prohibition of forced and child labor, discrimination, commitment to

equal remuneration for men and women, and free association. For other criteria, such as compliance to national minimum wages and fair pay on time, lower requirements are set, but improvements must be demonstrated (CmiA 2018). As smallholders certified under CmiA usually work on their own farms, they work at their own expense, without wages (BW, interview, September 2, 2017). To conduct the certification audits, the Aid by Trade Foundation signed the Control Union (which also certified the Arba Minch project) in addition to EcoCert and AfriCert, with a total of twelve African auditors under contract (CmiA 2018).

CmiA uses a mass balance approach that allows CmiA cotton to be processed together with conventional cotton (CK, personal communication, July 10, 2017). This means that consumers buying certified clothes are unlikely to hold a product in their hands that was made out of certified cotton. At the same time, CmiA products are completely integrated into the conventional textile supply system. They are not distributed through alternative organic shops, but rather expand the product range of conventional companies within established supply and market systems. This allows for modest prices on labeled products. For example, Otto Shopping (2018) offers three t-shirts carrying the CmiA label for EUR 24.99, compared to only one plain white t-shirt carrying the GOTS label for EUR 19.99 from the German organic retailer Armedangels (2018).

While CmiA partners present themselves as do-gooders within the conventional market, they continue to process conventional cotton in parallel to certified cotton, with growing volumes of both certified and noncertified cotton (CmiA 2018). Whereas partners refrain from GM technology and irrigation in certification schemes and guarantee the purchase of harvests from certified farmers, businesses participating in the initiative are simultaneously accelerating inverse dynamics. They are advocating for the use of Bt cotton and the expansion of large-scale irrigation agriculture, which increase the economic pressure faced by smallholders in Ethiopia (BW, interview, September 2, 2017). Conventional businesses have been discussing a second certification scheme, Sustainable Cotton Initiative Ethiopia (SCIE), which aims to certify large-scale and irrigated cotton farms close to Dansha and Humera in the Tigray Region and probably to the Afar Region (Awash Valley; BW, interview, September 2, 2017; PAN, group discussion, September 2, 2017).

3.2.4 Summary of Case Study Results

The certification of cotton is a form of private (re-)regulation aiming to address environmental and social shortcomings in cotton/textile supply chains. Confirming earlier studies (Bartley 2018; Sneyd 2015; van der Ven 2019b), the case of certified cotton from Ethiopia illustrates well that certification is not necessarily driven by the needs of the local people. Although IFOAM has two local members in Ethiopia, PAN Ethiopia as a sister organization of PAN UK and Solidaridad as another international NGO initiated the organic project with cotton smallholders on the ground. In the case of CmiA, the whole certification process is completely driven by international partners from outside Ethiopia.

When buying certified cotton/textiles from Ethiopia, Western consumers face the choice of various textile labels—EU Organic, GOTS, OCS, CmiA, and BCI. However, and this is something research has not taken into account so far, farmers on the ground are not aware of this variety of certification options. The schemes are certifying farmers in different regions of Ethiopia (see figure 3.3). While the organic farms are situated in the South, CmiA is more present in the North/Northeast, and SCIE will develop further regions of certified cotton in the North/Northwest. Cotton farmers either consider certification to be an opportunity, in line with the Ethiopian government, or a new requirement to fulfill the demands of the global market and achieve better sales. However, this expectation is not fulfilled in reality. Organic farmers lack marketing opportunities for their certified cotton, and, in the case of CmiA and SCIE, license revenues are used to finance the farmers' trainings. In the case of organic farming, in particular, farmers only benefit from less environmental pollution and fewer health risks.

Although the different certification schemes target the same share of more conscious consumers in the Global North and farmers on the ground do not recognize variances among them, it is impossible to ignore their different origins. Organic and fair-trade movements, to which IFOAM and Solidaridad belong, use certification as a tool to oppose the conventional system of “dirty fashion” (Soil Association 2017). The Arba Minch project serves political purposes of resisting industrial agriculture. Participants pioneer an alternative system of “ethical” fashion. Their certification serves as a means to promote political change. Therefore, receiving donor funding does not conflict with the aims of certification.

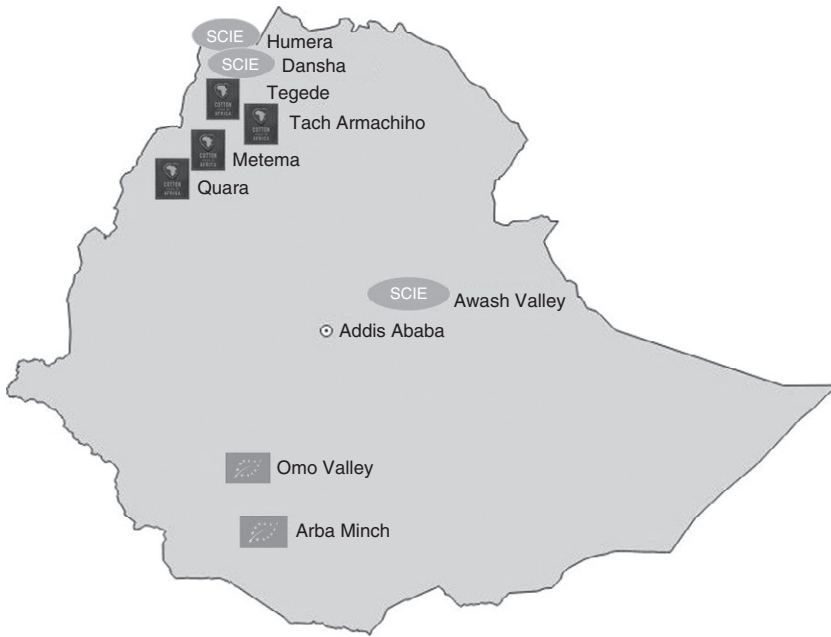


Figure 3.3
Cotton certification in Ethiopia

In contrast, schemes within the conventional industry, such as CmiA and SCIE, support the current system of agricultural production and trade. The above-cited analogy that compares GMOs to a Porsche and describes Ethiopia as a country without highways illustrates this perception (WB, interview, November 13, 2017). These industry-driven schemes offer certified products in response to consumers' growing demand. Following this logic, all expenses of certification are covered by license revenues. Further, the logic of the current market system includes buying cotton at the lowest possible price in order to offer certified products at a modest price to conscious consumers. These different attitudes explain why, although increasing smallholders' income is not a priority of IFOAM, the Arba Minch farmers already received a higher price for their cotton produce in 2014 (ETB 16) compared to the price paid by CmiA (ETB 14). This was before, and hence independent from, obtaining organic certification. Nevertheless, the certification initiative gave the farmers the impetus to organize among themselves and to get things done independently in order to overcome structural constraints.

In sum, less ambitious standards of initiatives in the conventional industry, such as those from CmiA and SCIE, are more appealing to cotton farmers at first sight as they are less demanding—for example, by allowing for mass balance. Farmers have an immediate benefit through training measures and purchase guarantees, for instance. In contrast, political pioneer schemes, such as IFOAM and FLO, aim for a transformation of the overall system of agricultural production and trade. Farmers will mainly benefit in the long run from a processing and retail system with environmental and social priorities. It is dependent on the NGOs and producers in the Global South, rather than the consumers in the Global North, to take this chance and to be able to overcome the lack of immediate market opportunities.

3.3 Discussion: Ethical Market Power and Its Limits

We have seen that movements and NGOs in the Global North were the main drivers behind the creation of private regulation, and NGOs play a crucial role in facilitating the implementation of private regulation in the Global South. However, so long as certification is completely voluntary, it does not face opposition from corporate actors or governments. To the contrary, conventional businesses have created their own schemes in order to respond to consumers' demands. In the following three sections, I discuss voluntary certification against the three perspectives on power formulated in chapter 2. First, confirming the current state of research, I also argue that private regulation has led to a further withdrawal of the state in favor of TNCs and NGOs. Second, regarding North–South asymmetries, again confirming dominant perspectives, I find that private alternatives to multilateralism are generally disadvantaging the Global South for various reasons (including auditing costs for certification, which are a *de facto* trade barrier for smaller producers). In addition, also complementing existing research, I emphasize that pioneer schemes enable people “to get things done” (Parsons 1963, 232), and Southern producers receive training to improve their situation. Third, private regulation proves on the one hand that actors are not continuously selfish, but rather exercise *power with* others to pursue environmental and social norms. Their ethical market power is, on the other hand, only practiced in niche segments of world trade and hence faces clear limits.

3.3.1 Further Withdrawal of the State

A central assumption made in the literature on private certification is that globalization and the withdrawal of the state led to a new private power over nation-states at the expense of environmental and social considerations. My findings only partly confirm this perspective. Globalization creates competition among producers around the world; for example, cotton producers in the EU and the United States compete with producers in poorer countries like Brazil and China, and even least-developed countries like Ethiopia. This global competition was initiated by state governments and, in particular, through the WTO. The case of Austria and the Forest Stewardship Council (FSC) illustrates well how governments' hands are collectively tied to the WTO and how voluntary certification remained the only option to re-regulate the supply of, in this case, tropical timber from the Global South. The Austrian government had to rescind its ban on tropical timber imports and instead supported the emerging FSC (Bartley 2007, 321; Lauber 1997, 106). In consequence, NGOs such as the WWF and Greenpeace, who initiated the FSC, gained power resources from state actors (while Greenpeace International did not renew its FSC membership in 2018 and returned to more confrontational strategies of campaigning, as discussed ahead).

We can see a similar development in the cotton sector—but only when textile trade became subject to the normal WTO rules in 2005 (Quark 2013, 26). Then, a few powerful, nonstate actors adopted private regulations (see the fourth column of table 3.1). Their private schemes compete with earlier organic and fair-trade schemes that accomplished the establishment of niche markets in the shade of international free-trade regulations (FLO started to systematically certify cotton and textiles in 2005). This growing competition among diverse schemes is reflected by the extension of the EU Organic Regulation to textiles in 2014. Obviously, there was a need for market clarification.

The concentrated power of the WTO faces an increasingly fragmented landscape of certification schemes across sectors and geographies. The schemes complement, rather than challenge, the WTO and the respective dominance of the free-trade paradigm in IR. Hence, we may argue that, although certification schemes set environmental and social standards, they contribute to an overall race to the bottom (Altwater and Mahnkopf 1999; Lucier and Gareau 2015) by offering an alternative to public policy

regulations or intergovernmental regimes that might limit free trade more comprehensively. However, some schemes are very ambitious, such as IFOAM and FLO, and these are privatizing up (Cashore, Auld, and Newsom 2004, 5) existing public policy rules, at least in market niches. They also caused diverse states to adopt organic regulations, which are nevertheless voluntary in nature.

States only regulate the use of the term *organic* in their markets—for example, with the USDA Organic and the EU Ecolabel (green leaf and textile label). They do not restrict the labeling of products as Sustainable and Fair Trade (only the use of private trademarks such as the FLO label) and, hence, leave considerable leeway to private actors. For example, private actors normatively define standard contents—for example, what “sustainable forestry” (FSC and PEFC) and “better cotton” (CmiA and BCI) are supposed to be. Private regulation is hence moving authority into the hands of nonstate actors.

NGOs are usually seen as a counterpart to TNCs in multistakeholder schemes or as those actors that push for stricter standards in business-only schemes (Dingwerth and Pattberg 2009; Kemper and Partzsch 2018). By increasingly cooperating with business actors, the NGOs’ strategic focus shifted from the political sphere to the market sphere (Cashore, Auld, and Newsom 2004, x). This shift reflects the growing dominance of the global market since the 1990s (when international certification became popular). At the same time, the nonstate (market) sphere allows NGOs to participate in private standard-setting processes, whereas before they could only influence decision-making processes of state actors. Thus, power has also shifted to the NGOs themselves, whereas many of them hardly have democratic structures; for example, Prince Philip, Duke of Edinburgh, was the first CEO of WWF, which initiated the FSC, and the WWF has never made transparent who its voting members are (WWF 2019). Hence, private regulation not only shifts power away from state actors but also increasingly concentrates power on only a very few nonstate individuals (Partzsch 2017c).

While private regulation leaves some special individuals with extraordinary power, the role of ordinary citizens is reduced to being “conscious” consumers. This shift in what is considered an appropriate field of political action becomes most obvious when considering that NGOs ask for donations in order to promote market approaches. Consumers can regulate the market by purchasing “ethical” products at the end of supply chains

(Jordan 2001, 4), and they are asked to make additional donations for people in the Global South who produce for a global market that clearly fails to accomplish environmental protection and social justice (see, e.g., Amera 2018). Ethically conscious consumerism “replaces” political activism (Barnett 2010). At the same time, as we have seen in the Ethiopian case of cotton certification, producers cannot select among a variety of certification standards, as different schemes are operating in different regions, and alternative retail systems are far from having a global reach. Moreover, if smallholder producers depend on external funding through NGOs in order to pay for third-party auditing, they also have to adapt to the donors’ and/or NGOs’ expectations. In sum, private regulation has therefore led to a further withdrawal of the state in favor of TNCs and NGOs that collaborate in standard-setting processes at the expense of state actors and ordinary citizens, including consumers—but especially producers in the Global South.

3.3.2 Reproducing North–South Asymmetries

The second dominant perspective regarding power dynamics in a globalized world is that there are increasing asymmetries between actors in consuming countries of the Global North and actors in producing countries of the Global South. Private regulation is meant to address environmental and social problems along global supply chains. Consumers in the Global North are supposed to pay more for the same final product to improve the well-being of actors further up the chain, especially in the Global South. Yet in some cases, the voluntary standards are unwanted by the supposed beneficiaries. Countries of the Global South interpret private certification as a form of hidden protectionism (Biermann 2001; Quark 2013, 5), and forestry studies have demonstrated that voluntary certification schemes indeed favor large-scale producers from the Global North (McDermott, Irland, and Pacheco 2015, 134).

In the case of tropical timber, there was a clear North–South divide among governments. The 1992 UNCED failed to generate a binding international forest convention, especially due to discrepancies of expectations and objectives between the Global North and South (Bartley 2007, 320; 2018, 31). Southern countries prevented a binding intergovernmental forest agreement (Fishman and Obidzinski 2014, 258). Their ideas of self-determination conflicted with the notion of treating forests—in

particular, tropical forests—as global commons (Kleinschmit 2015, 83–84). Timber-exporting countries of the Global South charged that the Austrian ban on tropical timber amounted to a protectionist nontariff barrier to trade under GATT (Bartley 2007, 321). Environmentalists were divided over the legitimacy of tropical timber bans and boycotts too. Even the strongest supporters of boycotts admitted negative effects on Southern producers, and they sought voluntary certification as a more positive alternative (Bartley 2007, 319).

The Austrian government's move from import restrictions to the FSC demonstrates how private regulation allows consumer countries in the Global North to effectively bypass the opposition of the timber-exporting countries in intergovernmental negotiations (Haufler 2003, 251). At the same time, certification is in line with government policies in the Global South. For instance, the Ethiopian government considers certification to be a means to adapt to global markets and promote exports in line with the developmental state (Lefort 2012). To participate in the globalized economy and to increase their market share, Southern producers now increasingly have to readjust their production systems according to certification standards defined by actors in the Global North (AT, interview, September 7, 2017). Moreover, scholars point to a divergence of national rules and a lack of accountability—for example, in the forest sector (Kleinschmit 2015, 85). Haufler (2003, 251) notes that the increased degree to which citizens in developing countries now turn to the private sector for governance rather than to their own governments undermines the strength and health of those governments. Their self-determination is hence challenged twice, both by the foreign voluntary standards and by their own citizens' demand for private regulation. In this vein, the smallholders in Arba Minch were immediately willing to comply with EU regulation (as they expected to be able to export their cotton at a higher price to the EU afterward; AM, group discussion, September 5, 2017).

Because certification is voluntary and the FSC and similar schemes do not discriminate against products with a different country of origin, it does not conflict with GATT. However, the nondiscrimination principle of the WTO does not recognize North–South inequalities. As outlined earlier, when African cotton producers compete with those in the United States and China, for example, they do not compete as equals (Quark 2013, 26). While certification systems are widely used in North America and Europe,

they are still only sparsely implemented in the Global South (Chan and Pattberg 2008). The attitude and perception of the International Control Union in Ethiopia gives a revealing insight: although the certification body suspects nepotism and demands employees decline to certify projects in which relatives are involved (LB, interview, September 5, 2018), the Ethiopian producers also perceive both the EU Organic standard and the Control Union to be foreign gatekeepers to international markets (MK, interview, September 8, 2018). The fact that only 1 percent of Southern community forest groups has been able to obtain a certificate (Nygren 2015, 403–404) indicates that it is more difficult and less beneficial for Southern producers to accomplish certification. In consequence, voluntary certification schemes indeed favor businesses from the Global North (McDermott, Irland, and Pacheco 2015, 134).

At the same time, producers continue to be dependent on actors further down the chain. Although the environment may benefit from standards such as the IFOAM principles, acquiring the certification and potential pro-poor benefits tend to only be possible with donor funding. Most producers in the Global South are unable to pay the auditing costs without development aid, philanthropy, or other forms of charity (Sneyd 2011, 130; Nygren 2015, 403–404). The Arba Minch case proves this finding. Besides the certification initiatives, such as IFOAM and FLO, and the auditors, such as the Control Union, NGOs are crucial gatekeepers. While they claim to represent the local people, they are often subsidiaries of international NGOs; for example, PAN Ethiopia is associated with PAN UK. What we see are *proxy accountability* arrangements, in which NGOs and consumers in the Global North hold governments and TNCs accountable “on behalf” of affected communities in the Global South (Koenig-Archibugi and Macdonald 2013).

Only well-organized groups are able to play a part in the certification business (Macdonald 1994; Tucker 2014), and we have seen in the case of certified cotton production in Ethiopia that they distribute the certification market geographically among themselves. The case of certified cotton from Ethiopia also indicates that the involvement of local NGOs relies on and produces particular forms of subjectivity. Smallholders are themselves unable to obtain donor funding, and they rely on NGOs as facilitators. NGOs, rather than smallholders, have the confidence of international donors, access to funding, and the know-how of implementation. Without

the funding that PAN Ethiopia received from the FAO and the UK charities TRAIID and the Sainsbury Family Charitable Trusts, the Arba Minch small-holders would not have been able to pay certification fees (AM, group discussion, September 5, 2018). Interviewees confirmed that the Arba Minch case is no exception: “NGOs apply for some grants, usually, for the grants of the international donor organizations. NGOs are core actors or players in utilization of funds of the international organizations and implementing these funds for the farmers. . . . Because NGOs [are] not government organizations . . . they need funds to implement the programs. And the funds come from the providing people, from some government program, from the international organization” (AR, interview, October 26, 2017).

The case study and additional interviews revealed that NGOs are facilitators of implementation, rather than political activists in the Global South. They communicate and implement already defined standards on the ground, such as organic production standards, instead of representing the demands of Southern producers in global decision making—for example, the demand for higher prices for their produce (AM, group discussions, September 4 and 5, 2017). NGOs such as PAN Ethiopia are accountable to their donors, not to the affected people. In consequence, as found by Nygren (2015), NGO certification initiatives risk paralyzing and even disempowering affected people, especially in the Global South. Western consumers tend to make choices that producers have to follow. Certification initiatives do not overcome the artificial divide between consumers and producers and the respective asymmetries (Hoskins 2014, 192). Analogies, such as GMOs (Western techniques) being like Porsches, even though there are no highways in countries of the Global South (WB, interview, November 13, 2017), demonstrate the reproduction of narratives surrounding certification initiatives about the Global North being advanced and the Global South being delayed. Such narratives harm countries like Ethiopia that are trying to attract foreign investment (while the interviewee who used this analogy missed the fact that Porsche cars represent an unsustainable, fossil-fuel-based system). In consequence, some critics consider voluntary certification to be simply a new way to depoliticize resource flows (Murphy 2000; Levidow 2013).

Nevertheless, in the cases of both GOTS and CmiA, individual producers and certification schemes in Ethiopia gained additional resources and capabilities. For example, farmers learned from the training provided by

certification schemes and were able to significantly increase their harvests and income (Amera 2016). The Arba Minch project of certified cotton from Ethiopia provides evidence of empowerment. The certification initiative gave the farmers the impetus to organize among themselves and to negotiate higher cotton prices. Political pioneer schemes, such as IFOAM and FLO, hence demonstrate the ability to unite, engage, educate, and inspire people all over the world, even in least-developed countries such as Ethiopia. However, this impetus comes from the Global North. There is thus a reproduction of North–South asymmetries through certification.

3.3.3 Well Meant, Hardly Implemented

Does voluntary certification stand for *power with* others to pursue collective norms? As outlined in chapter 2, some IR scholars argue that actors are not continuously selfish (Janusch 2016; Manners 2015). I found this perspective confirmed with regard to some private governance initiatives. Movements and NGOs have promoted certification for the sake of environmental protection and fairness in world trade. Pioneering initiatives were clearly driven by spiritual and unselfish motives (Paull 2010). The first fair-trade groups were born in a Christian environment that aimed to overcome the “unfair” world trade system still based on the colonial division of labor between the Global South and North (Solidaridad 2017). Socially motivated individuals who organized Worldshops and established fair marketing organizations in support of Southern producers often work without payment (Barratt Brown 2007). In contrast to environmental movements, which aim for benefits such as forest protection that are widely spread across the world’s population, fair-trade movements have mainly directed their efforts toward specific groups of beneficiaries other than themselves—for instance, Western consumers purchasing coffee at fair-trade premiums paid to Southern smallholders (Koenig-Archibugi and Macdonald 2013).

NGOs, such as Greenpeace and Solidaridad, were the main drivers behind the first global certification standards, and they would have failed without charitable funding, both in the creation and in the implementation of the standards (Bartley 2007, 321). This was exemplified in the case of the Arba Minch organic cotton project, in which international donors funded the NGO facilitation and paid for seeds and accreditation. Through the FSC, environmental NGOs obviously created situations in which they, as power-holders from the Global North, did not exercise power over but

with affected people in the south, finding common ground among allegedly conflicting interests, developing shared values, and creating collective strength (Bartley 2007; Chan and Pattberg 2008). The creation of industry-driven certification schemes, such as PEFC, was a response to NGOs' pressure (Dingwerth and Pattberg 2009). Haufler (2003) and others outline how, under public pressure, TNCs began to accept responsibility for the labor practices and human rights abuses of their foreign subcontractors. They started to "export" human rights.

While TNCs are the "trailblazers and profiteers" (Sachs and Santarius 2007, 183) of the free-trade world order, they have started to acknowledge global responsibilities by committing to voluntary certification schemes that apply in foreign countries (Partzsch and Vlaskamp 2016). Conscious consumers increasingly acknowledge their responsibilities for environmental pollution and exploitation of workers and communities that produce their goods, regardless of whether they, as consumers, are citizens of the exporting state or a foreign state (Segerlund 2010; Partzsch and Vlaskamp 2016). There is a growing demand for and offering of certified goods like sustainable timber and ethical fashion (Sneyd 2014). If suppliers refuse to disclose information and to certify their products, it becomes more difficult for them to find buyers and products receive lower prices. Noncertified products receive lower prices, and noncertification may hence endanger the financial viability of the suppliers (Koenig-Archibugi and Macdonald 2013). Private regulations generally pursue universal norms, such as human rights, but also take a stance on controversial issues, like the prohibition or introduction of Bt cotton in Ethiopia (BW, interview, September 2, 2017; PAN, group discussion, September 2, 2018).

From a classical IR perspective, the EU and the United States encourage certification to maximize utility based on their material capabilities and economic gains (Quark 2013, 5). Although certification is voluntary and hence a *soft power*, it effectively limits Southern producers' access to global markets (Du 2018) and hence translates into a *hard power* (Nye 2011). In the case of timber, countries in the Global North, such as Austria, may only have championed normative standards of sustainable forestry and tropical forest protection to protect their domestic timber industry from less expensive competitors from the Global South (Leipold et al. 2016). Private regulation does not recognize nor deliberately accept unequal starting positions of companies in the Global North and South. However, as outlined in

chapter 2, classical IR power concepts assume that state actors, such as the US and EU governments, continue to be in the driver's seat. They ignore the detail that governments' hands are tied under the WTO and that, in parallel, the relative attachment of individuals to a particular nation-state is dissolving.

My findings show that TNCs are not simply an arm of their countries of origin. The phaseout of the MFA and the application of WTO rules in the textile sector make producers compete against each other on a global scale, and the few remaining global merchants and retailers search for the best deal without national preferences (Quark 2013). The case of cotton production in Ethiopia demonstrates that foreign companies investing in certified cotton and textiles do not only stem from the EU and the United States (but also from Turkey and India, in particular). As we will discuss in chapters 4 and 5, companies logging timber illegally in countries of the Global South—for example, in the Democratic Republic of the Congo and Indonesia—are often based in but not necessarily supported by governments of the Global North (Fishman and Obidzinski 2014; Maryudi 2016).

3.4 Summary

To what extent has private regulation made a difference? Is this a viable alternative to multilateralism? Obviously, noble intentions behind private regulation, such as stopping forest decline and introducing a fair world trade order, have failed so far. Despite the hopes of certification advocates, green markets have not washed away contradictions between domestic governance priorities. Certified products are only offered in niches. Therefore, Swilling and Annecke (2012, 191) reject these initiatives as “minor adjustments” and not a viable option to address “blood consumption.” Besides the limited outreach and producers' niche existence, certification has adverse effects by stealing movements' thunder. As corporate leaders have adopted voluntary mechanisms to avoid legal liability (Haufler 2003, 50), we can assume that this has effectively prevented stricter command and control types of regulation (Levy and Newell 2004). This affects, in particular, countries with weaker regulation—countries of the Global South. My study of cotton/textile certification and Ethiopia confirms such early considerations made in the literature.

In Ethiopia, NGOs such as PAN Ethiopia are upholding projects such as the organic cotton cooperative in Arba Minch, while in parallel Abiy Ahmed continues the conventional path of the developmental state and has lifted the ban on Bt cotton (Fikade 2018; Lefort 2012). NGOs do not aim to oppose the persistent enthusiasm for modern agriculture, including the use of pesticides and synthetic fertilizers in a country (Planel 2012; Partzsch, Zander, and Robinson 2019). We have seen hardly any international advances on social and environmental issues over the last two decades. In contrast, voluntary certification tends to legitimize the status quo, including the persistent resource flows from producer to consumer countries (Dauvergne 2018a; Levidow 2013). Therefore, many activists refuse certification schemes per se and demand more radical approaches instead (Hoskins 2014, 183; Swilling and Annecke 2012, 191). Although it may have been well-meaning, certification is hardly implemented in a satisfying way (Nygren 2015; Pattberg and Widerberg 2016). In 2018, after twenty-five years, Greenpeace International announced it would not renew its membership in the FSC, which has been pioneering private regulation at a global scale (Greenpeace International 2018; Cashore, Auld, and Newsum 2004, x). This decision reflects growing rejection of private regulation in the international NGO scene and a dynamic to return to state actors. With regard to cotton and textiles, a Greenpeace interviewee underlined the responsibility of states: “We think organic [EU Organic] is the best standard. The other standards might have some benefit in the short term, but we really believe that, if we want a transformation of the agriculture system, we need to work for the best standard possible. And . . . *governments need to put policies [in place] to advance those production systems that are more beneficial for the environment*” (RT, interview, November 3, 2017, emphasis added).

In sum, my research confirms that voluntary certification has been driven by political pressure, rather than market incentives. It offered an obvious possibility to circumvent GATT rules and prevent WTO sanctions in order to regulate production processes around the world—that is, outside the territory of the initiating state. However, the “procedural turn” (Gupta 2008) of private regulation on non-product-related process and production methods (npr-PPM) is only happening in niche markets. The uptake of voluntary schemes as a response to the withdrawal of the state has remained limited. In addition, this ultimately disadvantages producers from the Global South

who effectively have no access to new, high-priced niche markets. While certification initiatives might be well-intended, labeling products can only improve social and environmental conditions for a limited number of suppliers in global chains. Certified niche markets hardly have the ability to outbalance an ever-growing economy with unequal settings and continuously mounting environmental externalities. Most businesses involved in international trade have been and still are accepting unsustainable and illegal practices throughout their global supply chains.

