Enforcing food quality and safety standards in Brazil

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The globalization of production in the food and beverage sectors has brought increasingly stringent product quality and safety regulations, with sometimes Darwinian results. Leading firms in the international production line have overcome the challenge of meeting new regulations, while less agile ones have faltered.

Salo Coslovsky, assistant professor of international development at the Robert F. Wagner Graduate School of Public Service, investigated COBRACANA, a cooperative of sugarcane, sugar, and ethanol producers in Brazil's South Central region that declined at first but eventually succeeded in spite of the odds. COBRACANA's members, while operating under heavy regulatory requirements imposed by huge global brands, found ways to satisfy the constraints and even benefitted from this demanding new business environment.

His article, "Enforcing Food Quality and Safety Standards in Brazil: The Case of COBRACANA," published in the September issue of *The Annals* (the journal of the American Academy of Political and Social Science), describes an "ingenious and potentially replicable system of self-regulation that helped laggards to improve their capacities and catch up." It is one of a string of four studies by Coslovsky this year exploring private compliance and public regulation of labor protection and food safety standards in the liberalized Brazilian economy.

Globally, Brazil is the most significant producer of sugarcane, sugar, and ethanol, with more than 400 mills and 80,000 farms. After massive stateled investment in the 1960s and '70s, the government stepped back and effectively exposed local producers to international competition and food quality and safety demands.

COBRACANA is a cooperative of capital-intensive sugar mills employing, in all, thousands of workers. Coslovsky found that the co-op's attempts at adapting to the competitive new world of standards and regulations succeeded because regulatory enforcement agents did not simply impose rules and burdens on firms at arm's length. Rather, they worked closely with managers to help the businesses rearrange production practices. Time and again, code enforcers sought to empower middle managers in their dealings with top executives within each firm. The enforcement agents "subverted rigid hierarchies" that had prevented new practices from emerging within each enterprise.

Power struggles within each mill in the face of pressure for change actually posed a larger obstacle to a firm's success than the hard-to-satisfy technical rules and requirements of the global supply chain, Coslovsky discovered. Once mill operators had been encouraged to address the politics of the workplace, though, the top executives came to view a seemingly insurmountable challenge as an opportunity, producing benefits that the owners had not anticipated.

The ultimate wisdom of the constraints on firms' autonomy derived not so much from how these constraints, or codes, were written, but rather how they were enforced. The crucial variable that Coslovsky detected was the authority that regulatory enforcement agents had at "street level" to employ their own discretion. Using this latitude, they buttressed rather than detracted from firms' compliance with the rule of law.

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