Extended abstract

Logistic Transition of Agro-Export Enclaves: Quality Standards and New Value Relations (Murcia, Spain)

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Highlights:

1. In Europe's agricultural enclaves, fruit and vegetable transport is moving towards export-intensive logistics.
2. Quality standards allow large supermarkets to extract and appropriate more value from the supply chain.
3. Quality standards are part of the new ways of regulating the corporate food system.
4. The supermarket's logistical rationality is reinforcing the concentration processes in the export logistics sector.
5. Standards are a barrier to entry that subordinates and devalues small and self-employed truckers.

Abstract: In analyses of the global agri-food chain, logistics and transport often take a back seat. However, the logistics channel plays a central role in a context where large retailers dominate logistics activities within their supply chains. This article examines how the commercial rationality of large retailers influences the restructuring of logistics activities in agro-export enclaves. The objective is twofold: to study the governance of the logistics sector in the Region of Murcia by supermarkets and the role played by quality standards in this process. The results show that the control of export logistics by European distribution chains has favoured the evolution of long-distance transport in the Region of Murcia towards standardised techno-intensive logistics that go beyond the traditional function of goods distribution. This transition allows supermarkets to extract more value and reinforces processes of corporate concentration and subordination within the logistics sector. The study takes a qualitative approach to the issue, based on in-depth interviews with Murcian logistics and transport companies that provide their services to European supermarket chains.

Keywords: Fruit and vegetable logistics, supermarkets, quality standards, global agri-food chains, Murcia (Spain).

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Extended Abstract

The sociology of agriculture and agricultural studies has scarcely addressed the quality standards that regulate the international transport and logistics of fresh produce. This article emerges precisely from this gap in research on market standards and global agricultural chain studies. The logistics of fresh produce plays an indispensable role in the integration of agro-export enclaves into global markets. In the case of the Region of Murcia, the ability to transport goods over long distances at controlled temperatures has been a significant factor in the region's specialisation in the export of fresh fruit and vegetables. Indeed, Murcia is the Spanish province with the highest number of lorries dedicated to the international transport of fruit and vegetable products (FROET, 2023). The empirical material comes from qualitative interviews with transport and logistics companies in Murcia that provide services to European supermarket chains.

In 2006, the two principal quality standards were introduced in the agri-food logistics: IFS Logistics, which was developed by German, French and Italian supermarket chains, and BRC Storage and Distribution, which was mandated by English supermarkets. The impetus for the development of both standards was the necessity to implement effective control measures for food safety, temperature and the traceability of agricultural goods during the transportation process, particularly within the European distribution network. These developments represent a further instance of retailers seeking to extract and capture greater value from the logistics channel, namely the transport, storage and distribution operations of fresh produce within their supply chains. The demands of distributors that monopolise the European fruit and vegetable traffic have become increasingly complex over time, considerably limiting the pool of transport companies that are able to meet their conditions of supply. To illustrate, the volume of products that transport companies are required to supply has increased, new temperature-controlled storage logistics services have emerged with the objective of reducing post-harvest handling processes, and a plethora of technological innovations have been introduced in relation to temperature requirements, time management and GPS tracking of lorries.

The combination of distribution requirements and competition between companies in the sector for access to supermarkets is driving agro-export transport towards intensive and integrated logistics specialising in fresh produce, going beyond the traditional function of transporting goods. At present, this intensive logistics sector in Murcia is dominated by a small number of large companies that coexist in a competitive oligopoly. These companies were historically engaged in the transportation industry and have expanded their services to include new logistical functions, some of which have evolved from transportation providers into logistics operators in response to the demands of large-scale distribution systems.

The article shows how in this transition from transport to integrated logistics, quality standards play an essential role, yet they also present a significant barrier to entry for small and medium-sized transport companies, which are unable to assume the financial and technological investment required to obtain the necessary certificates. The standards define food safety criteria, including those pertaining to the handling and traceability of products during the journey, quality parameters associated with the control and maintenance of product temperature, and external inspection, which is conducted by certification companies through audits. Compliance with the standards has a significant impact on the day-to-day operations of transport and logistics companies. Such standards oblige transport and logistics companies to provide training to drivers in food safety, to invest in technology and even to modify their subcontracting practices, which are common in this field.

The Spanish transport sector is primarily comprised of a small number of large companies at the top and a significant proportion of medium-sized and small companies (and/or self-employed workers) at the bottom (Riesco-Sanz et al., 2018). In the case of the Region of Murcia, the complexity of international transport conditions, particularly with regard to perishable products, necessitates the implementation of a questionnaire-based assessment process for subcontracted companies prior to their engagement by large regional logistics and transport firms that supply European supermarket chains. This assessment process is designed to ensure that the subcontracted companies are able to meet the required standards. This has resulted in large logistics companies opting for stable subcontracting with medium-sized transport companies, which can guarantee adherence to the guidelines set out in the certificate, and more occasional subcontracting during peak seasons with small companies and self-employed truck drivers. In many instances, self-employed individuals provide only the workforce and the truck's tractor unit, while renting the required refrigerated trailer with the necessary technology from the logistics operator. However, this is not the only factor to be considered. The article demonstrates that standards also influence the driver selection process employed by large transport and logistics companies. The introduction of new tasks related to food safety, training requirements, comprehensive journey monitoring and the bureaucratic tasks associated with quality standards has gradually diminished the value of the older drivers with long careers. This is because they are less able to adapt to the new obligations of the logistics company and are far removed from the *professionalisation* requirements of the sector.

Consequently, the monopolisation of international fruit and vegetable traffic by supermarket chains, with their associated supply requirements and standards, presents a significant challenge for small and medium-sized transport companies seeking to maintain a competitive position in the export market. For smaller companies, the ability to survive is contingent upon a combination of factors, including the occasional subcontracting of services and a strategic shift towards a less demanding national fruit and vegetable market. This phenomenon is also observed among self-employed lorry drivers, with an increasing number of individuals opting to cease their independent operations and instead become salaried drivers for larger transport companies and logistics operators.

Furthermore, Murcia is witnessing the emergence of a standardised logistics footprint. In recent years, a considerable number of warehouses and cold logistics platforms have been constructed in close proximity to the areas where produce is grown. These new facilities enable supermarkets to manage their orders in close alignment with consumer demand, representing a further advancement in the *just-in-time* model. Orders are collected directly from farms or handling warehouses and stored at controlled temperatures in logistics platforms, prepared for delivery at the client's convenience. This results in greater flexibility, predictability and speed of delivery. Furthermore, the product is not subjected to any loss of freshness between the time of picking and the departure of the truck. The compression of time and distance serves to enhance the freshness (quality) of Murcian fruit and vegetables, ensuring their availability in European supermarkets and consumers' refrigerators. In addition, the strategy of large-scale distribution of auctioning journeys and routes has resulted in a reduction in costs.

The case of Murcia exemplifies one of the elements that Weber (1993) [1922] associates with the functioning of bureaucracy, including market bureaucracy. This is the intensive and qualitative expansion of its spheres of action. The establishment of logistics standards has addressed the regulatory vacuum that existed in the agricultural supply chain with regard to the storage and transportation of goods. Nevertheless, it would be erroneous to reduce this expansive logic of bureaucracy to the profit logic of supermarkets. As Béatrice Hibou elucidates in her characterisation of neoliberal bureaucracy (2020), market bureaucracy expands within a diverse constellation of interests. Indeed, transport and logistics companies have also adopted standards as a means of differentiating themselves commercially. Indeed, some of these companies are recently incorporating sustainability standards applied to transport and other types of "green seals" that measure the impact of the carbon footprint of vehicles. In this sense, it can be argued that, as with farmers, logistics companies are victims of bureaucracy, but also act as "carriers" (Hibou, 2020). This concept demonstrates this novel market bureaucracy entails elements of compulsion and control, yet necessitates the involvement and conviction in its advantages among local stakeholders.

Lastly, this study examines the processes of *deterritorialisation* and *reterritorialisation* shaped by the rationality of large supermarkets in agro-export enclaves. The formation of private norms within agro-export enclaves influences the selection of qualities, types of relations and criteria of valuation, which in turn interact with the historical forms of organisation and representation that exist in these places. This logic of deterritorialisation, which enables the dissemination of global norms across a range of geographical contexts, coexists with a dynamic of reterritorialisation. In the case of logistics, this implies the *synchronisation* of export agriculture with the rhythm set by value chains. The processes of *deterritorialisation* and *reterritorialisation* are both part of the same rationality, which reduces the socio-environmental complexity of territories to measurable, controllable and manageable forms.

In this context, standards indicate the emergence of a novel multimodal and hybrid form of sovereignty (Grappi, 2016), characterised by the coexistence of diverse modes of value capture, accumulation processes and extractive logics. These dynamics reshape between capital, labour and nature in agricultural areas. Additionally, they underscore the need for ongoing investigation into the impact of these novel regulatory forms within the agri-food sector. For instance, the transportation of fresh produce is subject to considerable pressure due to the need to balance time, shelf life and quality.