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Emerging markets and private governance: the political economy of sustainable palm oil in China and India

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ABSTRACT
Private governance programs are now an important source of regulation in global value chains – particularly in context of North–South trade. But can these programs play a similar role in the value chains feeding into fast-growing emerging markets like China and India? Most scholars doing research on the topic draw a pessimistic picture. They argue that the scope conditions for private sustainability governance are not yet present in these markets. Our analysis of the Roundtable on Sustainable Palm Oil – a leading non-state certification program – in China and India partially confirms this view. At the same time, however, we find that emerging markets are not a unified category. We observe that sustainable palm oil is beginning to gain momentum in China, whereas uptake in India remains much weaker. We trace this back to a number of key market conditions, which we show are more favorable in China. In addition, our analysis highlights the role of the Chinese state in creating awareness of and shaping firms' interests in sustainable palm oil.

KEYWORDS Emerging markets; global value chains; palm oil; private governance; south–south trade; sustainability standards

1. Introduction

International trade in agricultural commodities has grown strongly. Between 2000 and 2015, trade volumes more than tripled, from $550 billion to $1.8 trillion (WTO, 2015, p. 78). To mitigate the growing environmental impact of agricultural trade and production, companies and civil society actors have been developing private governance programs. Many of these programs seek to leverage the market power of lead firms in global value chains (GVCs) and use certification to incentivize compliance with their rules (Auld, 2014; Lee, Gereffi, & Beauvais, 2012). In the context of North–South trade, they are now an important source of sustainability regulation.

But trade patterns and the location of GVCs are shifting. Emerging markets, like China and India, account for a rapidly growing proportion of global imports (Gereffi, 2014; Staritz, Gereffi, & Cattaneo, 2011). In the agriculture sector, some of the world's environmentally most problematic crops, such as oil palm and soy, are now mainly traded between Southern countries. Evidence is growing that these shifts in end markets can undermine social and environmental conditions in producer countries (Adolph, Quince, & Prakash, 2017; Kaplinsky, Terheggen, & Tijaja, 2011; Schleifer, 2016, 2017). Thus, from a private governance perspective, an open research question is whether voluntary social and environmental standards can gain traction in these emerging markets (Nadvi, 2014).

Against this background, this article examines the efforts of the Roundtable on Sustainable Palm Oil (RSPO) – one of the leading non-state certification programs in the agriculture sector – to gain market uptake in China and India. The two countries import large volumes of palm oil from deforestation-ridden Indonesia and Malaysia, and the RSPO has set itself ambitious targets to certify the GVCs feeding into these markets. By 2020, the organization aims to certify 30% of Indian and 10% of Chinese palm oil imports, respectively (RSPO, 2015). Reviewing the evidence, our analysis shows that the RSPO is far from reaching its targets. At the same time, however, we find that emerging markets are not a unified category. Contrary to the RSPO's self-set goals, we observe that sustainable palm oil is gaining momentum in China, whereas uptake in India remains much weaker. Through a structured focused comparison of the two countries, we trace this back to a number of key market conditions, which we show are more favorable in China. Additionally, our analysis highlights the role of the Chinese state in creating awareness of and shaping firms' interests in the issue of sustainable palm oil.

This article is structured in seven sections. Section 2 introduces the subject and develops the analytical framework. Section 3 discusses the study's research design and methodology. Sections 4–6 conduct the empirical analysis. A final section concludes.

2. Private sustainability governance and emerging markets

The center of gravity in the world economy is shifting. In the past, China and other developing countries were the factories of the world, feeding mass consumption in the Global North with their cheap products. Beginning in the 1960s, trade liberalization, technological innovation, and the expansion of GVCs have made this division of labor in the world economy possible. However, accelerated by the economic crisis of 2008, the old North–South dichotomy is coming to an end. The new 'post-Washington consensus world' has multiple centers, and emerging markets and the GVCs supplying them account for a rapidly growing proportion of global consumption and trade (Gereffi, 2014; Staritz et al., 2011). These structural changes in the world economy have many economic and political implications. The transnational environmental impact of emerging markets, and the role private governance can play in mitigating it, is probably one of the fewer studied subjects (Nadvi, 2014).

The existing literature on transnational private governance has mainly focused on North–South (Berliner & Prakash, 2014; Espach, 2009; Prakash & Potoski, 2006) or North–North trade relationships (Cashore, Auld, & Newsom, 2004). This literature has produced a rich set of findings. On a very general level, the results suggest that a 'trading-up' effect is possible if certain scope conditions are in place. In contrast, scholars studying social and environmental standards in the context of South–South trade point to a 'race-to-the-bottom' dynamic. For example, with reference to Vogel's 'California effect' (1995), Adolph et al. (2017) find evidence for a 'Shanghai effect'. Analyzing a panel of 49 African countries, they show how a high export dependency on China is associated with lower labor standards in producer countries. This pessimistic view has found confirmation in a number of other studies, with a more specific focus on private governance (Dauvergne, 2017; Kaplinsky et al., 2011; Schleifer, 2016, 2017).

However, this research agenda is still at a very early stage, and existing studies tend to overlook the evolving political and economic conditions in these countries. In addition, to our knowledge, there are currently no studies that compare different emerging markets with one another. It is here where this article fills a gap. By analyzing the

RSPO's activities in China and India, we contribute to a more nuanced understanding of the prospects and challenges of private sustainability governance in emerging markets.

2.1. The palm oil industry and the RSPO

The oil palm boom in Indonesia and Malaysia has triggered one of the largest agricultural expansions in recent history. Over the last decade and a half, over 10 million hectares of forests and peatlands were converted into oil palm plantations (Index Mundi, 2017a). Cramb and McCarthy (2016) describe how this expansion has been driven by an intraregional state-industrial complex, leading to a 'capitalist convergence' towards large privately owned oil palm estates. While this process has transformed the oil palm sector into a major export industry, the environmental impact has been immense – particularly in Indonesia. Today, the country has one of the highest deforestation rates in the world, with an annual forest loss of over 20,000 km^2 (Hansen et al., 2013). In Borneo and Sumatra, this is putting some of the world's most precious ecosystems at risk. These processes also have global and regional ramifications. The rapid expansion of oil palm plantations is a key driver behind the region's perennial forest fires, a direct cause of the 2015 South-East Asian Haze (Padfield et al., 2016).

Led by the World Wide Fund for Nature (WWF), the RSPO was created by a coalition of business and civil society actors to mitigate the problems of forest conversion through oil palm expansion. Following the example of GVC-driven governance in the forestry sector, the palm oil roundtable developed a standard for sustainable production and launched a certification system with global reach (Interview 01, telephone interview, May 2013). The declared goal is to 'transform markets to make sustainable palm oil the norm' (RSPO, 2017). While the RSPO has been criticized on various grounds (Pye, 2016), it is one of the most successful private governance programs in terms of market uptake. In 2017, the scheme counted over 3000 supply chain members, had certified 2.47 million hectares of oil palm plantations and had reached a global market share of 17% (RSPO, 2017).

However, in recent years, the RSPO appears to have reached the limits of its model. Since 2014, there has been no increase in the area of certified land – in fact, figures have declined slightly (RSPO, 2017). Observers blame this on the organization's eurocentrism and inability to tap into palm oil's new growth markets in Asia. Like other private governance programs, the RSPO has mainly focused its activities on the North–South trade in palm oil, seeking to leverage the market power of big brand companies from the European Union (EU) (Schleifer, 2016). But the EU is only one big player in the international palm oil trade – and no longer the most important one.[1] With 10 million metric tons (MMT) in 2016, India now tops the list of the world's largest importers. Other major non-Western importers include China (5.1 MMT) and Pakistan (3.3 MMT) (Index Mundi, 2017b). In the context of such changing market opportunities, governments of some producer countries (e.g. Indonesia and Malaysia) have also criticized the RSPO to disadvantage producers in the South, and therefore created their own national sustainability standards (Schouten & Bitzer, 2015; Wijaya & Glasbergen, 2016).

Demand from emerging markets for cheap palm oil is now the key driver behind agricultural expansion and deforestation in Indonesia and Malaysia (Greenpeace, 2012). In response to these developments, the RSPO has made China and India a top priority: by 2020 the organization aims to certify 30% of India's and 10% of China's palm oil imports (RSPO, 2015). With only a few years to go until the target date, these goals seem increasingly unrealistic. In both markets, the RSPO's uptake figures remain far behind expectations (see Figure 1 and case studies for details). The broader patterns observed in the two cases thus fit the prevailing narrative about South–South trade triggering a race-to-the-bottom in producer countries (Adolph et al., 2017; Kaplinsky et al., 2011; Schleifer, 2016, 2017).

However, a closer look at the two markets reveals some interesting differences as well. While the RSPO has made very ambitious plans for India, there has been very little progress in this market at all. Only few Indian companies joined the roundtable and the number of supply chain certificates issued remains low. In comparison – and somewhat unexpectedly given the organization's self-set targets – the RSPO is doing significantly better in China. Here, sustainable palm oil is gaining momentum, and the number of certified facilities in China is now more than 2.5 times higher than in India (see Figure 1). While the amount of certified palm oil imported by China is still small (about 50,000 tons in 2016) (Chen, 2016; Interview 11, 20 July, 2016), recent figures suggest a positive trend. Interestingly, they also indicate a divergence between emerging markets on the issue of sustainable palm oil. We take this observation as a point of departure for a more in-depth examination of these trends. To this end, we develop a political economy framework that identifies the scope conditions of private sustainability governance. We organize our discussion around market and non-market conditions.

2.2. Market conditions

Private certification programs like the RSPO govern through markets (Cashore et al., 2004). In this study, we are interested in explaining variation in the uptake across different end markets – the so-called supply chain certificates shown in Figure 1.

Figure 1. Comparing the RSPO's uptake in India and China.
Source: RSPO website.

Reviewing the existing literature, we identify four main market conditions: consumer demand, the characteristics of the end market, the position of trading companies and the position of peak industry associations.

First, we consider the role of consumers. While scholars have dismissed the idea that private governance is primarily consumer-driven (Gulbrandsen, 2006), consumers are not insignificant. The case of coffee certification, for example, shows how consumers can play a key role in the formation of certification programs (Manning, Boons, von Hagen, & Reinecke, 2012). Recent studies also challenge the conventional wisdom that consumers in emerging economies care little about the ecological and ethical consequences of their consumption decisions. These studies show that demand for sustainable food products is growing in countries like Brazil, China and India (National Geographic and Globalscan, 2014; Sidali, Spiler, & von Meyer-Hofer, 2016). Given the quickly expanding middle classes in these countries (Guarín & Knorringa, 2014), we hypothesize that differences in consumer demand for sustainable palm oil in China and India could explain the observed variation.

Second, certain characteristics of the end market can be associated with varying levels of private governance uptake. In this respect, two factors seem particularly important: the level of concentration/fragmentation at the downstream end of GVCs as well as the importance of branded products in an industry (Mayer & Gereffi, 2010). Beginning in the 1960, a wave of mergers and acquisitions transformed the retail and consumer goods sectors in Western countries, resulting in a high concentration of corporate power (Fuchs, Kalfagianni, & Arentsen, 2009). Directly facing consumers, big brand companies like Walmart, Marks and Spencer, Coca-Cola and Unilever are highly visible and vulnerable to external pressures. To protect their reputations and brands, many of them have formulated sustainable sourcing strategies (Dauvergne & Lister, 2012, p. 38). Using private governance programs like the RSPO to meet their commitments, their market power has become a key driver behind the diffusion of sustainability standards in GVCs. Like in Western countries, the retail and consumer good segments in emerging economies are currently undergoing a process of corporate concentration, with supermarket chains and branded products playing an ever greater role (Singh, 2014). Against this background, we examine whether differences in these market characteristics can explain variation in the uptake of the RSPO.

Third, occupying the middle segments of GVCs, trading companies are a powerful group of actors. For over a century, ADM, Bunge, Cargill and Louis Dreyfus (the big four) have dominated the international trade in grains and oilseeds (Clapp, 2012). Deeply hidden in GVCs, these companies have been slower to engage with sustainability issues. This, however, has changed in recent years, as the big four have been targeted by activist groups for their implications in tropical deforestation. In response, Cargill and others have issued zero deforestation commitments and joined the RSPO (Butler, 2014). However, the dominance of the big four is increasingly being challenged by emerging market contenders like COFCO, Sime Darby, Wilmar, IOI Corporation and Godrej Industries. Like their counterparts from the Global North, also these emerging market agribusiness corporations increasingly face pressures to engage with sustainable sourcing. Against this background, we hypothesize that differences among the trading companies supplying the Chinese and Indian markets could account for variation in uptake patterns.

Finally, the position of peak industry associations has been identified as an important factor (Andonova, 2004; Cashore et al., 2004; Schleifer, 2017). Industry associations can be powerful collective actors through which firms organize industry-level policies. Industry associations can use their influence to organize support but also resistance against private governance. Several studies have identified this as a key explanatory factor. Following these studies, we hypothesize that differences in the positions of peak industry associations in the two countries are behind the variation we observe in our cases.

2.3. Non-market conditions

Next to the market conditions discussed above, we identify four non-market conditions. These are: social movement pressure, the local capacity of private governance programs, support from the host government, and support from foreign governments or international organizations.

First, social movement pressure is a key variable discussed in the private governance literature. The direct targeting of firms through naming and shaming campaigns is an important strategy in the repertoire of NGOs to put pressure on firms to participate in private governance (Sasser, Prakash, Cashore, & Auld, 2006). For example, Bartley (2009) describes how in the apparel sector NGO campaigning activities played a key role in getting firms to support private labor governance. He argues that social movement pressure operated as a catalyzing force that can hardly be understated. Accounts of the formation of private governance programs in the forestry and diamond sectors provide further evidence for the importance of NGO pressure – but sometimes with mixed results (Haufler, 2009; Sasser et al., 2006). Against this background, we hypothesize that varying levels of activist pressure in China and India were a determining factor.

Second, the local capacity and strategy of a private governance program can influence certification uptake (Espach, 2009). These transnational programs may prioritize one market over another and distribute their organizational resources accordingly. In addition, the strategies used by a program's local chapter can vary widely. For example, some chapters may collaborate more effectively with local actors than others. We hypothesize that, everything else being equal, difference in the local capacity or strategy of a program can explain differences in uptake patters across markets.

Third, private governance does not exist in a vacuum, but interacts with public actors and institutions in complex ways (Berliner & Prakash, 2014; Green, 2014; Gulbrandsen, 2014). With respect to the state and its agents, we identify two groups of actors that can play an important role in the diffusion of private governance. The first is the host government, which maintains unique powers to shape market access and to incentivize firms to adopt private governance within its jurisdiction (Bartley, 2014). Research in developed countries has shown how governments can promote private governance through public procurement policies, technical and financial support, and by formally endorsing certification programs (Gulbrandsen, 2014). Moreover, the host government's position can also indirectly shape the uptake of private governance – for example, a recent large-N study finds that transnational climate actions are likely to flourish in countries that have strong climate policies (Andonova, Hale, & Roger, 2017). The study argues that private governance often complements rather than substitute existing public regulations. However, private governance can also be undermined if the host government restricts the authority of a program, for example, by setting policy barriers or by establishing competing programs (Bartley, 2014; Cashore et al.,

Table 1. Hypothesized outcomes for private governance uptake.

		Market conditions		
		Favorable	Moderately favorable	Unfavorable
Non-market conditions	Favorable	Very high	High	Moderate
	Moderately favorable	High	Moderate	Low
	Unfavorable	Moderate	Low	No uptake

2004). Thus, varying levels of support from the host government are our third non-market condition.

Finally, foreign governments and intergovernmental organizations can contribute – directly or indirectly – to the diffusion of private sustainability governance in emerging markets. For example, the experience in the coffee sector underscores the role public development agencies can play in the adoption of private standards in developing countries (Manning et al., 2012). In a similar way, Andonova (2004) finds that international assistance has helped the chemical industry in central and eastern Europe to adopt voluntary environmental codes. Following from this, our final hypothesis is that differences in the level of foreign support explain the variation we observe in our cases.

In this section, we identified the key market and non-market conditions for private governance uptake in emerging markets. In a parsimonious way, Table 1 puts these factors and our dependent variable (certification uptake) in relation to one another. It depicts nine possible outcomes, ranging from no uptake to very high market uptake. We will use this table in our interpretation of the case studies and the comparative results in Section 6.

3. Data and methods

To examine the hypotheses derived above, we conduct a structured focused comparison of the Chinese and Indian palm oil sectors (George & Bennett, 2005). We begin with a structured analysis of each market, followed by a systematic comparison of the conditions across the two sectors.

Our case selection followed a simple logic: first, China and India are the two largest emerging economies, and their growing demand for palm oil has become a key driver behind tropical deforestation. Thus, studying the prospects and challenges of new modes of environmental governance in these markets is of high real-world importance. Second, our cases display variation on the dependent variable (certification uptake). Scholars sometimes warn that selecting on the dependent variable can lead to biased results (King, Keohane, & Verba, 1994). However, this critique has been overstated and does not apply in the same way to inferences drawn from qualitative research and within-case study analyses (Bennett & Elman, 2006). In fact, selecting on the dependent variable is a viable case selection strategy, particularly for phenomena that are new and not well explained by extant theories (George & Bennett, 2005, p. 23).

Due to the explorative nature of our analysis, we also make induction an important element of our research strategy (George & Bennett, 2005, p. 74). As the role of private governance in emerging markets remains under-theorized, we find it difficult to *ex ante* determine how the different conditions we identified relate to one another. In general, we assume that they are complementary – i.e. that more favorable conditions result in higher certification uptake (see Table 1). However, to further refine our understanding of these factors and how they relate to outcomes, we leverage our case material to inductively learn from our analysis.

For the empirical investigation, we draw on over 50 interviews and informal communications with informants.[2] Most interviews were conducted during two field trips to China and India, at industry conferences, and via phone. Between 2015 and 2017, we interviewed representatives from the RSPO and key informants from industry, civil society and the public sector in the two countries. In addition, we use interviews that one of the authors conducted during a PhD thesis at the London School of Economics (2010–2014). To protect our respondents, we maintain confidentiality in the interviews. The evidence thus obtained was triangulated through organizational records of the RSPO and other primary and secondary sources.

4. The RSPO in China

With the world's largest population and a fast-growing economy, China has become an important player in the global political economy of agriculture. Since the beginning of its economic reform process in 1978, the country has gradually opened up to foreign direct investment, engaged in international trade and allowed private enterprise. But instead of fully embracing a Western-style liberal market economy, the Chinese capitalism remains strongly state-led. Particularly in the food and agriculture sector, the Chinese government is actively shaping the market environment through its industrial policy (Hsueh, 2011; Schneider, 2017). To consolidate a domestic agrifood industry, the state restricts foreign investments in key areas such as grain processing and offers tax reductions and significant subsidies to the so-called 'dragonhead enterprises' (Schneider, 2017). As a result of these policies, northern multinationals are often relegated to a supporting role in China. More recently, the Chinese government launched the 'agricultural going out' policy to encourage Chinese firms to strengthen their market position worldwide. This allowed COFCO, a state-owned agribusiness, to acquire two international grain traders, Nidera and Noble Agri, in 2014.

The palm oil industry is one of the sectors in which the growing global importance of China is increasingly felt. In 2015, palm oil accounted for 17% of the country's total vegetable oil consumption (Interview 11, 20 July, 2016). As oil palm only produces high yield in the tropics, China's consumption mainly relies on imports from Malaysia and Indonesia. Figure 2 illustrates the strong increase in China's palm oil imports over the last decade and a half, from 1.2 MMT in 2000 to over 6.1 MMT in 2013. While China's share of global imports has decreased slightly in recent years, China continues to purchase large volumes of palm oil and remains the world's second largest importing country.

Most palm oil imported by China is consumed domestically in the form of food and chemical products. Only a very small proportion is processed into products destined for re-export (CFNA, 2012). Thus, China's position in the global palm oil value chain poses considerable challenges for the RSPO. In other sectors, such as the pulp and paper industry, Western buyers often require Chinese manufacturers to use certified materials. However, due to the high level of domestic consumption, foreign buyers have significantly less influence on the Chinese palm oil processing sector (Interview 21, telephone interview, 15 February, 2017).

Despite these challenges, the RSPO has intensified its efforts to promote sustainable palm oil in the country. Since 2008, representatives of Chinese businesses and

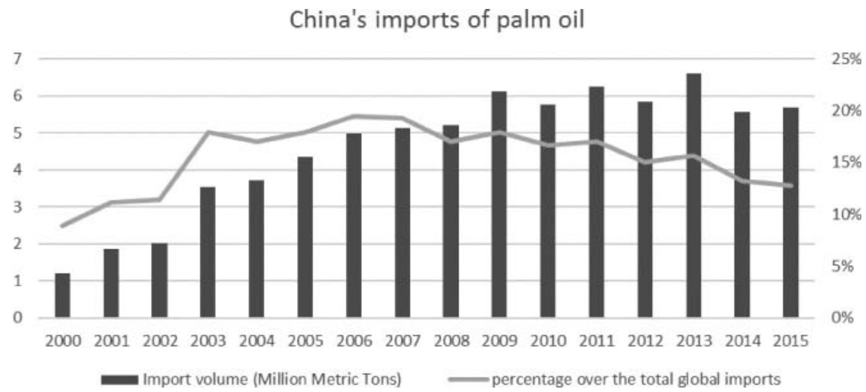

Figure 2. China's imports of palm oil.
Source: United States Department of Agriculture.

government agencies have been invited to the RSPO annual meetings, and several study tours in producer countries have been organized. However, evidenced by the fact that no Chinese firm became a member before 2011, the RSPO has found it very difficult to operate in China (Teoh, 2011; Interview 13, 22 July, 2016). In light of these difficulties, the RSPO has limited its target for China to 10% sustainable palm oil by 2020. Still ambitious, this figure is significantly lower in comparison to the organization's targets in other emerging markets (e.g. India with 30% and Indonesia with 50%) (RSPO, 2015).

Against this background, it is somewhat surprising that China has outperformed India when it comes to sustainable palm oil. In this regard, Figure 3 shows a remarkable surge in the number of new RSPO members in China in recent years – among them traders, food manufacturers and companies from the oleochemical industry. Many of these companies have started to purchase certified material – a trend which is reflected by the increasing number of RSPO supply chain certificates in China (also see Figure 3). It is important to note that these certificates are not exclusively owned by foreign multinationals but increasingly also by Chinese companies.[3] In addition, at the first *RSPO China Forum* in July

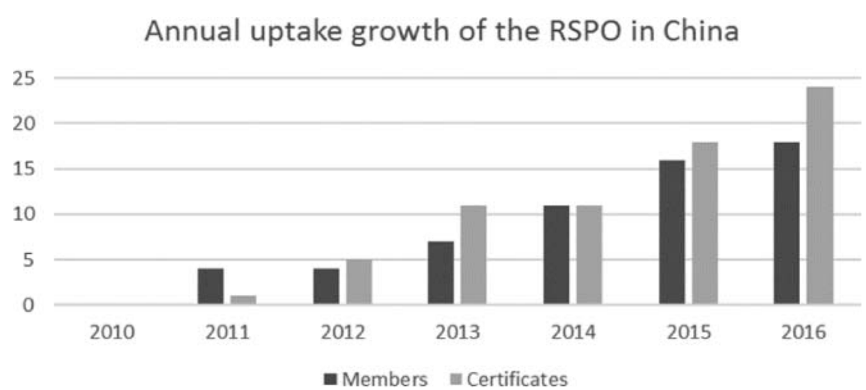

Figure 3. The RSPO's uptake in China.
Source: RSPO website.

2016, several Chinese members underscored their commitment to source sustainable palm oil and many non-members expressed their interest in joining the RSPO.[4]

Despite these recent developments, one needs to be careful not to overstate the RSPO's success in China. Overall, the number of RSPO members and certificates in China remains small in comparison to that of developed countries. In the absence of accurate data, it is estimated that about 50,000 tons of the palm oil imported by China in 2015 was RSPO-certified (Chen, 2016; Interview 11, 20 July, 2016). Hence, only a small proportion of businesses in China's palm oil sector have sourced sustainable products. Yet, recent figures suggest a positive trend and many of our interviewees expect further progress for the RSPO in China in the years to come (Interview 16, 11 August, 2016; Interview 19, telephone interview 12 October, 2016). Below, we investigate this progress and the remaining challenges for the RSPO in China by exploring the economic and political dynamics in this market.

4.1. Market conditions in China

We begin our analysis with the four market conditions identified above, namely consumer demand, the characteristics of the end market, support from trading companies and the position of peak industry associations. Regarding the first condition, we find that consumer demand for sustainable palm oil has not yet emerged in China, although recent studies suggest that awareness for sustainable products is growing (e.g. Li et al., 2016). According to the RSPO's representative in China, most consumers and even retailers in China know little about the problems surrounding palm oil. Very few Chinese consumers are aware of the RSPO (Interview 08, 10 July, 2016). Compared to other certified products such as seafood, palm oil remains 'relatively abstract' (Interview 13, 22 July, 2016). In addition, the commodity has a reputation for being unhealthy among Chinese consumers because of its high content of saturated fat. Therefore, food manufacturers in China typically do not even explicitly mention palm oil as an ingredient in their products, but use the more generic term 'vegetable oil' (Interview 12, 22 July, 2016). Given its bad image, Chinese consumers would probably also avoid palm oil, rather than ask for certified products. In short, as a hidden commodity, palm oil remains little known to the average Chinese consumer.

Second, our analysis of the characteristics of the end market in China revealed a relatively favorable environment, as branded consumer goods manufacturers and retailers account for a rapidly growing share of the market. In China, about 75% of the imported palm oil is used in the food processing industry, to produce confectionery, ice cream, instant noodles, fried snacks and other consumer good products; and the oleochemical industry is another important consumer of palm oil to produce personal care products and candles (Interview 17, 17 August, 2016). In contrast, unlike in India (see next case study), palm oil is not used as a cooking oil and the sale of unbranded and unpacked vegetable oil on street markets has been banned in many places (Agriculture & Agri-Food Canada, 2014). Hence, in both the food and the oleochemical sectors most products containing palm oil are made by brand name manufacturers.

Concerned about their reputations, branded companies have emerged as leaders in sustainable sourcing in emerging markets (ISEAL, 2015). One example is Mars, a multinational manufacturer of chocolate and chewing gum, which has reached its target to source 100% RSPO-certified palm oil for its global operations in 2013. Using its buying power, the company has been among the first consumer goods manufacturers to promote sustainable palm oil in China (Interview 18, telephone interview, 18 August, 2016).[5] Due to a lack of awareness, Chinese brands are still lagging behind their foreign competitors, but some companies have made plans to source RSPO-certified palm oil, including one of the country's largest instant noodle manufacturers (Interview 12, 22 July, 2016).

In addition, China has a rapidly growing and highly concentrated retail sector, with millions of consumers buying premium products in supermarket chains (Allen, 2012; Pickles, Barrientos, & Knorringa, 2016). Our investigation revealed that particularly multinational retailers have played an important role in introducing sustainable palm oil to Chinese consumers. One important example is Walmart, which has made a commitment to source sustainable palm for all its stores worldwide by 2015.[6] According to our informants, the commitments of Walmart and other multinational retailers have played a key role in the RSPO's recent uptake growth in China. Through their buying decisions, they incentivized local suppliers to purchase sustainable palm oil (Interview 19, telephone interview, 12 October, 2016). Despite the strong price-sensitivity of domestic retailers, more recently the RSPO has also successfully engaged several high-end local supermarket chains to sell products containing RSPO-certified palm oil (Interview 13, 22 July, 2016).[7]

Regarding the third market factor – the position of trading companies – we found that most large trading companies supplying the Chinese palm oil market have sustainability policies in place. In fact, many have been quite proactive about the issue. The trading segment in the Chinese palm oil supply chain is concentrated in the hands of a small number of large agrifood companies. The top 10 companies control more than 50% of this supply chain segment (Interview 16, 11 August, 2016; Interview 17, 17 August, 2016). Several lead suppliers are foreign multinationals, including Wilmar and Cargill (Interview 07, 5 July, 2016). Having joined the RSPO early on, these companies have been pioneers in the supply of certified materials to China. For instance, as of 2016, 13 out of 70 RSPO certificates in China belong to facilities that are owned by Wilmar, a Singapore-based agribusiness company. But also Chinese companies are beginning to embrace sustainable palm oil. One example is Julong Group, a major trader and investor in oil palm plantations in Indonesia. The company is a member of the RSPO since 2014 and has announced plans to seek certification for its Indonesian and African operations (Interview 06, 30 June, 2016; Interview 13, 22 July, 2016). Another example is COFCO, a major state-owed commodity trading company. Recently, the company had two of its Chinese facilities RSPO-certified, and publicly announced plans to fully switch to sustainable palm oil by 2025 (Interview 09, 18 July, 2016).[8]

Finally, we turn to the role of peak industry associations and their level of support for the RSPO. In China, the relevant trade association is the China Chamber of Commerce for Import and Export of Foodstuffs, Native Produce and Animal By-Products (CFNA). Under supervision from the Ministry of Commerce (MofCom), CFNA has many members in the palm oil industry, including all large importers and processors. Because of its importance for the industry and close relationship with the government, CFNA has been invited to the RSPO's annual meetings since 2008. Such meetings and other activities provided opportunities for the association's officials to interact with international stakeholders, and enabled them to understand the sustainability issues associated with palm oil. Gradually, CFNA began to collaborate with the RSPO to raise awareness about sustainable palm oil among its members. In this regard, the industry association has organized several stakeholder dialogues and established a 'Network for Promoting Sustainable Palm Oil in China' (CFNA, 2010; Interview 16, 11 August, 2016; Interview 21 telephone interview, 15 February 2017). Supported by MofCom, CFNA has also been involved in intergovernmental collaborative projects on sustainable palm oil. In 2013, the RSPO signed a Memorumdum of Understanding with CFNA to further collaboration between the two organizations. In 2016, they co-hosted the first *RSPO China Forum*. According to several RSPO officials, CFNA is an important strategic partner in China, providing critical support to increase its membership in the country (Interview 13, 22 July, 2016; Interview 19, telephone interview, 12 October, 2016).

In sum, despite significant challenges in engaging consumers, domestic retailers and manufacturers, several market conditions are moderately favorable for the RSPO in China. The activities of multinational retail corporations and branded consumer goods manufacturers have facilitated the diffusion of the RSPO. In addition, the sustainable sourcing commitments of major trading companies and the support of CFNA have created an enabling environment for the uptake of certified palm oil in China.

4.2. Non-market conditions in China

With respect to non-market conditions, we examined four factors: social movement pressure, local program capacity, support from the host government and international support. Regarding the first of these conditions, China's political environment is rather hostile. Under China's authoritarian regime, NGOs or grass-root activists have little freedom to organize protests or boycotts against companies or government agencies. Overall, naming and shaming strategies against firms are not widely used or are relatively ineffective. Moreover, as China does not produce any palm oil, the industry's negative impact is not a major concern for Chinese consumers or NGOs. In this regard, one of our informants explained: 'In Europe, the initial trigger for the uptake of sustainable palm oil was NGOs like Greenpeace, but this cannot be the case in China' (Interview 17, 17 August, 2016). Without NGO campaigns to raise public awareness, some observers have expressed concerns that sustainable palm oil will remain a niche market in the country (Interview 18, telephone interview, 18 August, 2016).

Analyzing the RSPO's local capacity in China, we found that the program did not have a local representative until the end of 2015. Instead, the organization worked with a consultancy company and collaborated with NGOs, especially WWF-China, to engage Chinese stakeholders. WWF-China was among the first organizations to promote sustainable palm oil in China and played a critical role in helping the RSPO establish partnerships with CFNA and several Chinese companies (Interview 16, 11 August, 2016 and 19). In addition, Solidaridad, a Dutch development NGO, has supported the RSPO through organizing several roundtable dialogues and study tours (Interview 06, 30 June, 2016; Interview 15, 27 July, 2016). Since 2016, the RSPO has further intensified its activities in China. It hired a local representative, launched an official Chinese website, hosted the *RSPO China Forum*, and organized several promotional activities in supermarkets.

Turning to the host government's support, our third non-market condition, we found that the Chinese government has played an important agenda-setting role in raising awareness for sustainable palm oil. As China has no palm oil plantations of its own, MofCom is the only regulatory agency responsible for palm oil. With international attention about sustainability issues in the industry growing, MofCom, supported a study project sponsored by the UK government to develop policy recommendations for sustainable palm oil in China (CFNA, 2012). Since then, MofCom has been engaged in another project to develop a code of best practice for Chinese companies in the palm oil sector. In 2015, this led to the *Guide for Overseas Investment and Production of Sustainable Palm Oil by Chinese Enterprises* (CFNA, 2015). These projects were crucial to raise awareness among Chinese firms about the issue of sustainable palm oil. An official in the RSPO secretariat suggested that it is quite remarkable that the Chinese authorities have taken such an open approach vis-à-vis the RSPO, despite it being a 'foreign standard' (Interview 19, telephone interview, 12 October, 2016).

A possible explanation is the Chinese government's commitment to an 'ecological civilization'. In recent years, the government has put increasing emphasis on sustainable consumption. For example, in 2016, 10 ministries jointly published the *Guidelines on the Promotion of Green Consumption*.[9] The issue of greening global commodity value chains has also been raised to China's top leaders by a high-level advisory body – the China Council for International Cooperation on Environment and Development (CCICED, 2016). Hence, although the government has not yet set any public sourcing targets, the overall policy environment for the RSPO in China has continuously improved. Given the government's recent interest in the topic of green consumption, several of our informants stated that companies are beginning to see the market potential for sustainable products, including palm oil (Interview 10, 19 July, 2016; Interview 14, 27 July, 2016).

Finally, while some European governments have promoted sustainable palm oil in China, these efforts have not been the main drivers behind the RSPO's recent progress. The projects sponsored by the UK have provided important information to industry stakeholders. However, they did not directly engage Chinese firms (Interview 10, 19 July, 2016; Interview 17, 17 August, 2016). In addition, the Dutch government has organized several stakeholder roundtables and study tours on palm oil. However, according to an official responsible for these projects, these efforts have not been very successful to engage Chinese stakeholders (Interview 15, 27 July, 2016).

To summarize, the non-market conditions in China show two different aspects. On the negative side, activist campaigns remain largely absent and the RSPO only opened a local office in late 2015. On the positive side, some international NGOs and foreign governments have provided support, and the Chinese government has paid increasing attention to promoting sustainable consumption and the greening of GVCs.

5. The RSPO in India

Like China, India is a rising power. In the 1980s, Prime Minister Rajiv Gandhi initiated an economic reform process. The reforms, which continued under subsequent governments, ended various state monopolies, liberalized India's trade and tax regime, and invited foreign direct investments into the country (Kar & Sen, 2016). In the agriculture sector, however, India long pursued a strategy of self-sufficiency and the progress of liberal reforms has been slower. Under the so-called Green Revolution of the 1970s and 1980s, the government sought to achieve self-sufficiency through the use of new technologies and a promotion of industrial agriculture. But in the 1990s the policy environment began to change. Strong increases in the production of rice and wheat allowed the government to relax its focus on self-sufficiency. Gradually, export tariffs on

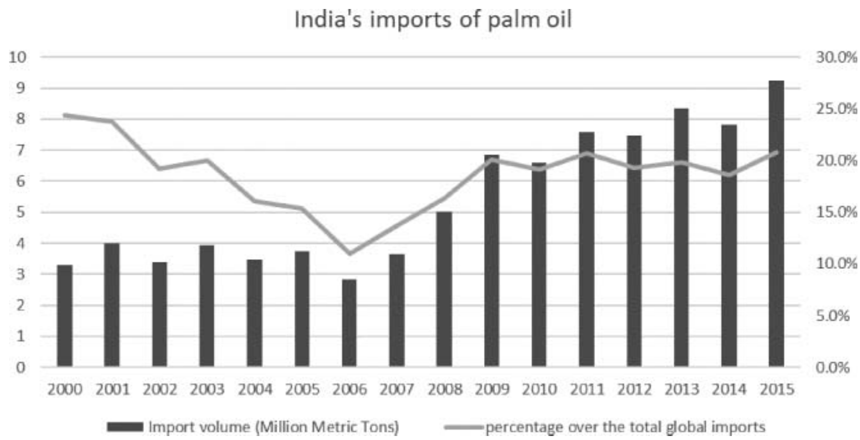

Figure 4. India's imports of palm oil.
Source: United States Department of Agriculture.

agricultural commodities where lowered, and the sector became increasingly export-oriented. At the same time, however, population growth and rapid economic development strongly increased India's demand for certain food products – particularly vegetable oil. To satisfy this demand, India began to import large quantities of palm oil from other countries in the region (see Figure 4). With a global market share of over 20% it is now the world's largest importer. The vast majority of India's palm oil is sourced from Indonesia, which accounts for about 60% of total supply. The second major sourcing country is Malaysia (39%) (WWF-India, 2016, p. 4).

Palm oil is now the number one vegetable oil source for the country. In 2014, it accounted for 45% of total vegetable oil consumption, displacing soybean oil and mustard oil (SEA, 2016). Almost all of the imported palm oil is used for domestic consumption and not as a raw material in products destined for re-export to developed countries. This means that in the South–South trade setting of the Indian palm oil supply chain external drivers for sustainability (e.g. Western consumers) are less influential. As discussed in more detail above, in response to the country's growing palm oil consumption, the RSPO has made India a priority. The organization's self-set goal is to reach a market penetration of 30% of certified sustainable palm oil by 2020 (RSPO, 2015). However, current figures suggest that very little progress has been achieved on the ground. While there were some positive signs early on (ISEAL, 2013), Figure 5 reveals that the RSPO's market uptake in India remains very low. In total, the organization has 40 members in India and issued 25 supply chain certificates. However, this has not yet resulted in any physical certified palm oil being sold on the Indian market (RSPO, 2015, p. 13). In addition, unlike in China, the data for India does not suggest a positive trend. To the contrary, the organization's uptake growth appears to be stuck at a very low level. Given these figures, the RSPO's 30% target for 2020 appears highly unrealistic. This throws up the question what constraints the organization in India, and how is the situation different from the Chinese market? To answer this question, we use the framework developed above to analyze the market and non-market conditions for sustainable palm oil in India.

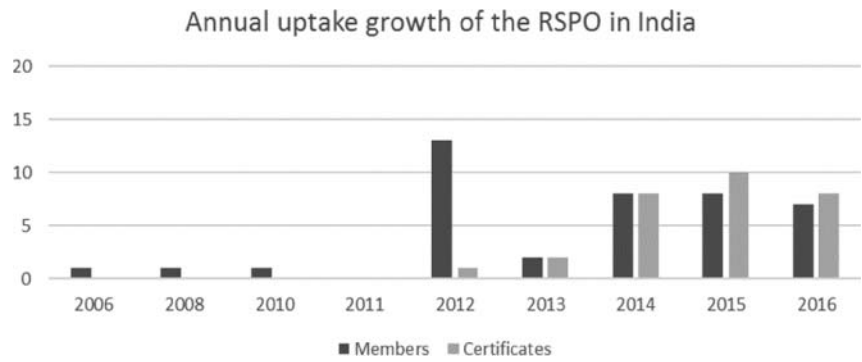

Figure 5. The RSPO's uptake in India.
Source: RSPO website.

5.1. Market conditions in India

In our framework, we identified consumer demand, the characteristics of the end market, the position of trading companies, and support from peak industry associations as important market conditions for sustainability certification to succeed in a given country/sector. Regarding the first condition – consumer demand for sustainable palm oil – the investigation revealed that it is nonexistent in the Indian context. In India, palm oil is also known as 'poor man's cooking oil' (Interview 05, November 2015). A large proportion of the imported oil is used by the urban and rural poor in the preparation of their daily meals (CRB, 2014, pp. 33–40). In this segment of the market, consumers are highly price-sensitive and awareness about the industry's environmental problems is very low. Nandikesh Sivalingam, a senior campaigner at Greenpeace India, for example, believes that 'it's only the most elite circles of people who are aware of issues related to palm oil' (Hucal, 2015). Even if people were more aware of tropical deforestation in producer countries, most consumers in India would be unable to absorb the US $30–$50 price difference between a ton of certified sustainable palm oil and a ton of conventional palm oil (Interview 04, telephone interview, February 2015). Therefore, it is highly unlikely that there will be any demand for sustainable palm oil from the average Indian consumer anytime soon.

While consumer demand for sustainable palm oil is largely absent in both cases, we observed some major differences in the structure of the Chinese and Indian markets. In contrast to China – where branded large retailers and manufacturers are increasingly influential in the palm oil value chain – the Indian market remains much more fragmented. In India, about 90% of the imported palm oil is used for edible products (mostly cooking oil), and the rest 10% goes toward non-food-based usage, such as biodiesel, cosmetics and detergents. In the edible-oils stream, two market segments can be distinguished: one for banded and one for unbranded products. Unlike in China, the share of branded products in India is very small. It is estimated to be about 11%, whereas the remaining 89% palm oil is sold in unbranded and unpacked form (CRB, 2014, p. 24). In addition, the retail market remains highly fragmented. In 2012, organized retail accounted for only 8% of total sales in the country. Most Indians still shop (unbranded palm oil) in street markets and small family-owned stores (Singh, 2014, p. 75). For the RSPO and its governance model this means that a key market condition – the market power big brand retailers and consumer goods manufacturers concerned about their reputations – is not present.

The investigation into the trading segment of the Indian palm oil value chain revealed that both branded and unbranded palm oil are supplied by a group of about 40 companies, which collectively control about 70%–80% of this market segment. Some of the top trading companies supplying the Indian market are: Aclamar Oils and Fats, Amira Foods India, Andani Wilmar, Anik Industries, Cargill India, Grodrej Industries, Kamani Oils and Ruchi Soya (CRB, 2014, p. 20). Analyzing these companies, we found that many of them still lack comprehensive policies and sourcing targets for sustainable palm oil. In this regard, a survey by the Centre for Responsible Business, a New Delhi-based NGO, of 37 major companies involved in the Indian palm oil trade found that 'a large number of local businesses have not clearly articulated their sustainability vision nor have they set out any sustainability targets. Businesses that have a defined sustainability vision lack implementation' (CRB, 2014, p. 38). Exceptions are international trading companies such as Wilmar and Cargill which have made public commitments to source sustainable palm oil. More recently, also several large Indian companies (Kamani Oil Industries, Galaxy Surfactants, Godrej Industries) have taken a more proactive stance on the issue. However, according to our informants, most Indian trading companies are still lagging behind when it comes to the issue of sustainable palm oil (Informal communication 02, November 2015; Informal communication 03, February 2017).

The fourth market condition identified in our framework was support from peak industry associations. For India, this is the Solvent Extractors' Association of India (SEA). Formed in 1963, SEA has some 875 members, with a combined oilseed processing capacity of 30 million tons. Beside processors, SEA also represents oil millers, refiners, traders and brokers (SEA, 2017). Our investigation into the position of SEA on sustainable palm oil revealed that its leadership has not been proactive about the issue. Its Executive Director made this clear during several occasions. For example, at the Indonesian Palm Oil Conference in Indonesia in November 2016, he stated that:

> People in the EU and developed countries can afford to pay a higher price for certified Palm Oil but in India, where millions are struggling to food and to clothe themselves, will be reluctant to pay higher price for Certified Palm Oil. (SEA, 2016)

In his view, the main responsibility lies with exporting countries, which should make sustainable palm oil more attractive for importers. Concretely, he suggested that Indonesia and Malaysia should reduce their export taxes on certified sustainable palm oil (SEA, 2016). One possible reason for this position is that SEA has generally been very critical about India's growing import dependence in this area.

In sum, our analysis of the four market conditions reveals a very difficult environment for the RSPO in India. This was confirmed by a member of its secretariat (Informal communication 01, May 2014). Consumer demand for sustainable palm oil is absent and the industry's downstream segment is highly fragmented and dominated by unbranded products. In addition, many companies in the trading segment lack coherent sustainability policies and, the sector's peak industry does not support the RSPO.

5.2. Non-market conditions in India

In addition to market conditions, our framework identified four non-market conditions: social movement pressure, local program capacity, support of the host government and international support. Regarding the first condition, there have been some campaigning activities on the issue of palm oil in India. One example is the activities of Greenpeace India. In the 2012 report, titled *Frying the Forest,* the NGO critically examined the link between Indian palm oil consumption and deforestation in Indonesia (Greenpeace, 2012). Other examples include reports by the WWF-India, the Centre for Responsible Business, and the Global Canopy Program (CRB, 2014; GCP, 2014; WWF, 2013). It is possible that these activities have raised awareness about the industry's environmental problems. However, it is also important to note that there are few Indian NGOs that work on sustainability standards and certification. One informant explained that these are Western concepts and that there is little alignment between the agendas of international NGOs, their corporate partners and local civil society groups (Interview 02, telephone interview, June 2013). There are also signs that the policy environment for international NGOs in India has become more restrictive in recent years. In 2015, in response to its campaigning activities, the Indian government froze Greenpeace India's assets and suspended its license to receive foreign donation. A spokesman of the group responded that this 'is yet another attempt to silence campaigns for a more sustainable future' (Singh, 2015). In sum, in comparison to authoritarian China, democratic India certainly provides a more permissive environment for environmental NGOs to voice their criticism. However, campaigning on sustainable palm oil has been limited, increasingly faces restrictions and lacks support from local civil society groups.

With regard local program capacity and strategy, the RSPO has made India (and China) a priority in recent years (RSPO, 2015). In India, the RSPO is in the process of opening a local office and employs a full-time representative to coordinate its outreach activities on the ground. The RSPO also collaborates with a number of local organizations (e.g. WWF-India and The Energy Resource Institute) to promote sustainable palm oil in the country. This includes the organization of events and conferences. One example is the Delhi Sustainable Development Summit in 2013, during which the RSPO organized a workshop on Global Trends in Sustainable Production and Sourcing of Edible Oil (Interview 03, telephone interview, June 2013). In sum, very similar to the situation in China, the RSPO has begun to increase its local organizational capacity and activities in India.

The third non-market factor identified in our framework was support from the host government. Our research into the issue revealed that India is pursuing an active policy on palm oil. However, so far, the government has shown little interest in promoting its sustainability in a transnational context. Instead, recent policy initiatives have mainly focused on reducing the country's growing import dependence through boosting domestic production. To this end, the government has launched a large-scale Oil Palm Area Expansion Program to bring some 60,000 hectares under oil palm cultivation in Andhra Pradesh and other states (Ministry of Agriculture and Farmers Welfare, 2010). Overall, the government's views on voluntary environmental standards – like the RSPO – reveal a critical position. From the government's perspective, private sustainability standards are mainly seen as discriminatory trade barriers that need to be put under state supervision (Ministry of External Affairs, 2016).

Finally, we found evidence, although limited, for international support for sustainable palm oil in India. As in the case of China, this support mainly came from European governments and their agents. One example is the activities of Solidaridad, a government-funded NGO with its headquarters in the Netherlands. Recently, Solidaridad announced plans to help SEA, the Indian industry association, to develop a sustainability framework for the country's expanding domestic palm oil production (Reuters, 2016). Another example is the Swiss State Secretariat for Economic Affairs which has provided funding for a project to scale-up sustainability standards in emerging markets, including palm oil in India (ISEAL, 2012; Interview 20, 2 November, 2016).

In sum, the analysis of the non-market condition reveals a mixed picture. On the one hand, there has been some NGO campaigning and international support to promote sustainable palm oil in the country. In addition, the RSPO has recently scaled-up its local activities. On the other hand, however, the Indian government has taken a critical position vis-à-vis private sustainability standards.

6. Comparative findings

The evidence presented in this article shows that sustainable palm oil is not yet the norm in China or India – far from it. An international comparison reveals that emerging economies are still lagging way behind Europe and North America (WWF, 2016). However, emerging markets are not a unified category either. In this regard, our data shows that the RSPO is growing fast in China, whereas 'the momentum in India is not as good' (Interview 19, telephone interview, 12 October, 2016) (see Figure 1, p. 6). To uncover the reasons behind this divergence, this section compares the results from our case studies.

While consumer demand was absent in both countries, we discovered some crucial differences in the characteristics of the two end markets. In India, palm oil is known as 'poor men's cooking oil', and most of it sold in unbranded form. In contrast, in China, the food processing and chemical industries are the primary consumers of palm oil, and branded products play an important role in this market. This difference has important implications. It has created incentives for a growing number of Chinese consumer goods manufacturers to become members of the RSPO. In addition, we found that multinational retail corporations are having a greater influence on the uptake of sustainable palm oil in China than in India. The reason is that China has a large organized retail sector, whereas street markets and small family-owned stores still dominate in India. However, support from domestic retail corporations in China for the RSPO remains weak. In sum, our findings confirm arguments about the role of corporate concentration and brands as important scope conditions for private governance (Dauvergne & Lister, 2012; Mayer & Gereffi, 2010). They also show that emerging markets differ significantly on these dimensions.

Our analysis of the position of trading companies revealed that foreign multinationals like Wilmar and Cargill have made pledges to source sustainable palm oil for their global operations. More recently, also a number of large Chinese and Indian trading companies have come out in support of the RSPO. Examples include China's COFCO or India's Godrej Industries. However, many other companies in this supply chain segment have not yet formulated concrete policies on sustainable palm oil.

Regarding the last market condition, we uncovered differences in the positions of peak industry associations in the two countries. The literature has shown that industry associations can play an important role in diffusing private sustainability standards in a sector (Overdevest & Zeitlin, 2014; Schleifer, 2017). In China, the collaboration with CFNA, a quasi-governmental industry association, greatly helped the RSPO raise awareness about sustainable palm oil among Chinese companies. In contrast, SEA, the Indian peak industry association, does not take responsibility for the industry's growing transnational environmental impact.

Turning to the non-market conditions, we observed some campaigning activity on sustainable palm oil in India – mostly from international NGOs. In comparison, in authoritarian China, environmental activism faces much greater restrictions. However, the political climate has also changed in India in recent years, and the Modi administration is making it increasingly difficult for international NGOs to campaign on environmental issues. The freezing of assets of Greenpeace India is a prominent example of the government's more restrictive approach. In the countries of the Global North, NGO activism has been a key driver behind Corporate Social responsibility and private sustainability governance (Bartley, 2009; Sasser et al., 2006). However, in the palm oil industry, we find that corporate naming and shaming is weak (India) or lacking (China) in emerging markets. This is an important limiting factor for the RSPO in these countries.

In addition, our analysis shows that the level of support from domestic state actors was a key non-market condition. The private governance literature shows that state support can be a decisive factor (Bartley, 2014; Gulbrandsen, 2014; Overdevest & Zeitlin, 2014). For example, Overdevest and Zeitlin (2014) describe how the EU was decisive in assembling a transnational governance regime in the forestry sector. However, much of this literature remains centered on the activities of developed country governments. On the other hand, developing countries are often depicted as 'areas of limited statehood' (Börzel & Risse, 2010). Our case study on China reveals a different picture. We find that state actors played an important 'agenda-setting' role (Gulbrandsen, 2014, p. 77), paving the way for eco-certification in the Chinese palm oil market. The recent adoption of the 'Guidelines on the Promotion of Green Consumption' in China is one example. In addition, the Ministry of Commerce and CFNA are collaborating with the RSPO and have raised awareness about sustainable palm oil among Chinese companies. In short, China's proactive policy on sustainable development has led some government agencies to partner with private standards. In comparison, giving less attention to sustainability issues, the Indian government has taken a more critical position vis-à-vis private sustainability governance and has shown no active support for the RSPO.

Finally, we found there to be little variation in the other non-market conditions. The RSPO has made both countries a priority, and its local capacity in the two markets is of

Table 2. The scope conditions for sustainable palm oil in China and India.

		China	India
Market conditions	Consumer demand	✘	✘
	Characteristics of end market	✓	✘
	Position of trading companies	✓	✓
	Support from peak industry associations	✓	✘
Non-market conditions	Social movement pressure	✘	✓
	Local program capacity and strategy	✓	✓
	Support from host government	✓	✘
	International support	✓	✓

✓✓ favorable, ✓ moderately favorable, ✘ unfavorable.

Table 3. Comparative results (scope conditions and certification uptake).

		Market conditions		
		Favorable	**Moderately favorable**	**Unfavorable**
Non-market conditions	**Favorable**	Very high	High	Moderate
	Moderately favorable	High	Moderate	Low
	Unfavorable	Moderate	Low	China India No uptake

similar strength. In addition, foreign governments provided (limited) support for the RSPO in both China and India.

Table 2 summarizes our findings across the two countries. Our results reveal a more favorable market environment for the RSPO in China. On the side of non-market conditions, the table suggests a moderately favorable environment in both countries. However, this result somewhat misrepresents the dynamics we observed in our case studies. In this regard, we identified the higher level of state support as an important factor benefiting the RSPO in China, whereas there is no evidence to suggest that social movement pressure (the other varying factor) made a difference. This finding raises the question whether state support could be a substitute to a lack of social movement pressure in emerging markets.

To conclude the empirical analysis, we place our cases in the analytical framework developed above. Table 3 illustrates the differences between the Chinese and the Indian palm oil sectors and how this relates to certification uptake. Overall, we find that the hypothesized scenarios fit the broader patterns and trends we observe in our data.

7. Conclusion

Trade, GVCs, and consumption are all shifting towards emerging markets (Gereffi, 2014; Nadvi, 2014). And their growing environmental impact on third countries raises critical questions for transnational governance. In this context, a key question is whether existing private regulatory mechanisms can help to address the issue? Most scholars doing research on the topic draw a pessimistic picture. They argue that the scope conditions for transnational governance are not yet present in these markets (Adolph et al., 2017; Kaplinsky et al., 2011; Schleifer, 2016a).

Overall, our study of the palm oil supply chains feeding into China and India confirms this narrative. There is clear evidence to suggest that the surge in demand from emerging markets for palm oil is linked to tropical deforestation and ecological disasters such as the 2015 South-East Asian haze (Padfield et al., 2016). Studying the RSPO and its efforts to promote sustainable palm oil in China and India, we show that these countries remain very difficult territory for private governance. However, we also find that they are not a unified category. Conducting a structured focused comparison of China's and India's palm oil sectors, we reveal significant differences in certification uptake. We trace this back to more a favorable market environment in China and the higher level of support from the state in this context.

The upshot of this study is that greening emerging market value chains remains an enormous challenge. However, there are also positive signs. Countries like China and India are highly dynamic environments. Researchers and practitioners need to pay greater attention to the 'local conditions' in these markets, and how they create opportunities and challenges for transnational governance.

Notes

1. In 2016, the EU-27 countries imported 6.6 MMT of palm oil (Index Mundi, 2017b).
2. In addition to the formal interviews, the authors draw on a number of informal communications (e.g. discussion at conferences and email exchanges). The information thus obtained has been treated in the same way as the formal interviews.
3. Data on each certified company can be retrieved from the RSPO's website, http://www.rspo.org/certification/supply-chain-certificate-holders?keywords=&country=China, 27 March 2017.
4. One of the authors attended the forum and had discussions with many participants.
5. For Mars' palm oil policy, see http://www.mars.com/global/about-us/policies-and-practices/palm-oil-policy, 27 March 2017.
6. For Walmart's palm oil policy, see http://corporate.walmart.com/policies, and http://www.sustainablepalmoil.org/case-studies/walmart/, 27 March 2017.
7. See http://www.rspo.org/news-and-events/news/chinese-consumers-get-a-romantic-taste-of-sustainable-palm-oil, 27 March 2017.
8. See COFCO's annual communication of progress in 2015, http://www.rspo.org/file/acop2015/submissions/cofco%20limited%20(china%20national%20cereals,%20oils%20and%20foodstuffs%20corporation)-ACOP2015.pdf, 27 March 2017.
9. See the full text of the guidelines (in Chinese), http://www.sdpc.gov.cn/zcfb/zcfbtz/201603/W020160301385570347905.pdf, 27 March 2017.

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