Bananas: The "Green Gold" of the TNCs

By Anne-Claire Chambron

Bananas are the fifth largest agricultural commodity in world trade after cereals, sugar, coffee and cocoa. They are a major staple food crop for many millions of people in areas of Central, East and West Africa, Latin America and the Caribbean. They grow easily, are cheap sources of energy and vitamins, and can be harvested all year round, thus providing a source of energy during the "hunger gap" between crop harvests.

Six countries (India, Brazil, Ecuador, Philippines, China and Indonesia) account for 55 per cent of total world production. Of the 86 million tonnes of bananas and plantains produced annually, only 14 per cent are traded on the world market. The two biggest banana-producing countries, India and Brazil, are hardly involved in the international banana trade at all. But, for at least 15 Latin America and Caribbean producer countries, they are a crucial source of export income.

Bananas are grown mostly by millions of small-scale farmers in Africa, South Asia and Latin America for household consumption and/or local markets. Most of this production is achieved with few or no external inputs. Once a producer grows for export markets, however, considerable and growing levels of external inputs (chemicals, fertilisers) are required to effectively compete in those markets.

The Banana Chain

The world trade in bananas is dominated by three companies: the largest producer and distributor of bananas is the US company, Chiquita (formerly United Fruit), reputed to have paid bribes in Central America and to have had links with a coup in Guatemala. Chiquita is the brand of United Brands which accounts for almost one third of traded bananas from which it obtains some 60 per cent of its profits. (Chiquita's prepared foods division, mostly meats and packaged goods, accounts for about half of its sales but less than 10 per cent of profits). Close on its heels is the US company Dole Food, owned by Castle & Cooke, a property and food group. Dole is the world's largest producer and distributor of fresh fruit and vegetables. Both these companies own large banana plantations in Central America, and effectively act as price-setters. The third largest transnational company is Del Monte Fresh Produce, owned by Grupo IAT, which also owns Chile's third-largest fruit exporter.

Chiquita Brands, Dole Food and Del Monte Fresh Produce together produce and control 65-70 per cent of world exports, which allows them to control the market and, to a considerable extent, to set the rules of the game. They are followed by the Ecuadorian company, Noboa, which represents another 10 per cent, and the European company Fyffes, which controls some 6-7 per cent. Fyffes is the UK and Ireland's main banana distributor. In Latin America, some national growers' companies are present on the international market, mainly Noboa, but also Sunisa and Banacol in Colombia, and Corbana in Costa Rica.

Ecuador, Costa Rica and Colombia account for around 64 per cent of world exports. Europe, the United States, and Japan together purchase around 80 per cent of all exported bananas. In 1996, world banana imports were valued at over US$7 billion, the European Union being the largest importer with nearly 32 per cent of all traded bananas. Each of the 350 million EU citizens consumes an average of 10 kg per year.

The EU produces nearly 20 per cent of its needs, and imports the rest from Latin America (the so-called "dollar" bananas), and from the African, Caribbean and Pacific (ACP) group of countries - the latter accounting for 17 per cent of imports in 1997.

The transnationals are generally associated with Latin and Central America where they control 60 per cent of production. They are vertically integrated, which means that they own (or contract) plantations, own sea transport facilities and distribution networks in consuming countries. The opening up of Eastern Europe and East Asia, the Single European Market and the liberalising thrust of the Word Trade Organisation have lifted expectations for a rapid growth of consumption. Companies have expanded their plantations in Latin America, started to buy land in Asia (Philippines and Indonesia), and in Africa (Cameroon, Cote d'Ivoire and Somalia).

A simple comparison between the three largest TNCs and the economies of certain ACP countries gives an idea of the size and power of these companies. Taken as a whole, the export revenue of the ACP countries is only just equal to the total sales of the three TNCs. When considering only the revenue drawn from banana exports, the ACP countries together represent hardly 10 per cent of Chiquita's total sales, and only 4 per cent of the combined sales of the companies. If ACP countries were to cease to export tomorrow, or if their market shares were distributed among the TNCs, the latter would only gain 6.5 per cent share of the international market.

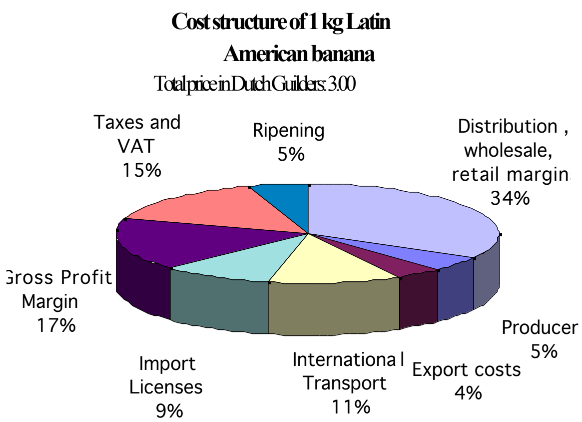
Revenue of the major banana multinationals (millions of US$)	**1995**	**1994**	**1993**
Chiquita	2.566	2.506	2.532
Dole	3.804	3.499	3.108
Del Monte	1.068	992	884
Total	**7.438**	**6.997**	**6.524**
Total banana export revenue of the main ACP countries exporting bananas[a]	262 (f.o.b. 1993)	-	-
Total ACP export revenue (all sectors)	**6.608**	**-**	**-**

Sources: UNCTAD Commodity Yearbook 1995, CIA World Factbook 1995

[a] Ivory Coast, Cameroon, Suriname, Somalia, Jamaica, St. Lucia, St. Vincent, Dominica, Belize, Cape Verde, Grenada, Madagascar.

Total banana export revenue of the main ACP countries exporting bananas: (a) US$ 262 million, f.o.b. (free on board) 1993 (Total ACP export revenue (all sectors) US$6.608)

The TNCs involved in the banana trade have succeeded in maintaining extremely high profit margins. According to Solidaridad, a tiny proportion of the retail price is paid to small farmers (5 to 12 per cent) or to plantation workers (1 to 3 per cent). In Latin America, producer price varies between US$3.80 and $5.50 per box. Meanwhile, European wholesalers sell bananas to retailers at approximately $25 per box. (2)



Banana exports have increased steadily since 1950 and the prices have fallen in real terms. Increased production in producer countries has been achieved both by improving yields and increasing the areas under cultivation. However, at the beginning of the 1980s, it had become virtually impossible to improve yields significantly in Latin America. As a result, the increase in exports from these regions in the past decades or so has been achieved mainly through increasing the amount of input (fertilisers and pesticides) and the cultivated area. For the ACP countries, the guarantee of access to the European market since 1985 has made it possible to double (or even triple in the Caribbean) the quantities grown and exported.

Strong contrasts can be seen between types of production and competitiveness.

In the Caribbean Islands, the fact that most production is in the hands of small farmers combined with the mountainous terrain means that it is not possible to make substantial economies of scale. Farms are generally smaller than 5 hectares, use numerous family workers and require less inputs than the large plantations. By contrast, plantations in Latin America can be as large as 5,000 acres. They require road infrastructure, extremely sophisticated irrigation and drainage systems and cableway for harvesting. The plantations have pumping stations and one or more packing stations. Such facilities require enormous investment, easily attaining $US 13,000 per ha., without counting the cost of buying the land. Nevertheless, production costs are kept extremely low by means of very low wages, limited workers' rights and precarious job tenure.

Because of the different systems, production costs differ widely and are about 2-3 times higher in ACP countries.

Production costs per box, various estimations in $ US

	FAO	CIRAD	BANDECO		Novotrade	
	farm-gate price 1994	(F.O.B.[1]) 1995*)	F.O.B. 1997	farm-gate 1997	F.O.B. 1997	farm-gate 1997
Ecuador	2.95	**2.95**	3.70	3.29	5.01-5.81	4.70-5.40
Costa Rica	3.25	3.25	5.56	4.78		
Colombia	3.64	3.64				
Honduras					5.22-6.22	4.45-5.25
Ivory Coast	(1995) 3.40	8.53				
Martinique	**12.38**					
St. Vincente		8.39				
Dominica		**9.37**				

**) Based on CIRAD figures of production costs per MT.*

These figures show that:

_ Production costs in the Caribbean are the highest of the three zones, but Africa has only a slight advantage. The average difference between the Caribbean and Latin America is about US $4 per box of 18.4 kg, explaining the need for a preferential agreement for the ACP countries. The difference in competitiveness is explained mainly by the economies of scale achieved by the TNCs' vertical integration in Latin America and the externalisation of the social and environmental costs.

_ In Latin America, prices are systematically below production costs, and do not take into account the real social and environmental costs of production. CORBANA (Costa Rica) gives total costs for Costa Rica of $6.77, including $1/box financial costs, while the average FOB price for 1996 was $ 5.67 per box. This resulted in a net loss per box of $1.10. The official minimum price in Ecuador in 1997 was US $3.30, which results in a net loss of $1.50 per box minimum.

_ Inside the Latin American group, the main differences are due to variations in labour costs, because of wage differences and labour efficiencies related to different types of holding. Wage costs in Costa Rica, for instance, are higher at $14.87 per day as against US$6.42 only per day in Ecuador.

The policy of maintaining low wages has also a negative impact on small independent producers. In order to compete, small farmers are increasingly obliged to adopt methods similar to those used on the big plantations just to meet quality standards in consumer markets. Figures on the cost and price structure of bananas, although notoriously hard to come by, clearly show that plantation workers and smaller independent producers - such as those in the Windward Islands - get a raw deal. Compared to a decade ago, their tiny share of the final consumer price of their fruit has shrunk even further. Even large-scale national producers in a major exporting country like Costa Rica have been receiving prices which barely cover their costs of production.

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In the Windward Islands, in 1997, banana oversupply together with demands for higher quality standards, and the instability caused by the WTO condemnation of the European Union banana-import regime, conspired to squeeze the most economically fragile farmers out of the banana market. Almost half the 23,000 registered farmers in the Windward Islands have gone out of production since 1993, unable to maintain profit margins in the face of falling prices and ever-increasing production costs.

Bananas and food security

Banana production and exports play an extremely important role in the employment and the economic activity of at least 15 countries. In Ecuador, the main exporting country, the banana industry employs over 300,000 people. Bananas are Costa Rica's largest single export, and are a source of employment for at least 150,000 people. In the mid-1970s, in Costa Rica and Honduras bananas represented between 5 per cent and 10 per cent of agricultural employment. In 1993, they represented 22.3 per cent and 25 per cent respectively of foreign exchange from exports.

Over the last decade, TNCs have also developed large-scale plantations in Cameroon and Cote d'Ivoire, and in the Far East following the same model applied in Latin America. Most of the exports of Cameroon for instance are now controlled by Del Monte, whereas Dole has strengthened its position in the Philippines, Somalia and Cote d'Ivoire. In the Windward Islands, the situation is different: the takeover of the British firm Geest by WIBDECO and Fyffes, in 1995, enabled the Caribbean government to put an end to Geest's monopoly and to take production in hand. But transport, ripening, distribution and marketing remains in the hands of Fyffes.

Today, only Ecuador and Colombia have had any success in reducing their dependence on the transnationals, but access to the market remains problematic for smaller or newer players. They are usually entirely dependent on sporadic contracts and low prices fixed by the TNCs often years in advance, and/or have to rent the infrastructure of the big companies. Though the banana industry is a crucial source of revenue for most of these countries, the social and environmental price paid is excessive: deforestation, contamination of soils and water ways, deregulation of existing labour and environmental laws, poisonings, low wages and job insecurity are the norm. Only 12 per cent of the final price stays in the producing countries. The remaining 88 per cent is shared between the transnationals, the ripeners and the retailers. (4)

There are more than 200 varieties of bananas in the world, ranging from the giant Red Makabu to the tiny yellow Lady Finger (baby banana), and the sturdy quadrilateral "square banana" which tastes like an apple or a pear. Yet, bananas sold in Europe and in the US are almost all one type: the "Dwarf Cavendish" or "Gran Enano". On thousands of plantations, from Guatemala in Central America to Ecuador, the fruit is genetically identical. Because the tropical plants are planted in close proximity and come from the same genetic source, an outbreak of pests, fungi or diseases can quickly wipe out a plantation.

Three historical phases can be identified in the development of the export bananas in Latin America. The first phase covers a period of 90 years from 1870 to 1960, and is characterised by the almost exclusive use of a dominant variety called "Gros Michel". It can be defined as intensive but shifting cultivation with very low productivity (about 20 tonnes per hectare), high levels of deforestation, low consumption of agrochemicals. "Gros Michel" was almost entirely wiped out by an outbreak of Panama disease in the 1960s.

The second phase lasted around 20 years and was characterised by a transformation of the plantation into perennial intensive cultivation, with yields of about 40-50 tonnes per hectare. "Gros Michel" were replaced by "Valery", a plant of greater vigour but low resistance to pests and diseases. In order to conserve the fruit and to improve its appearance, cardboard boxes and plastic bags were introduced.

The third phase is characterised by very high productivity - between 60 and 80 tonnes per hectare. It started in 1980 with the introduction of a new variety called "Gran Enano", very vigorous, but again with low resistance to pests and diseases.

In the case of bananas and plantains, one of the major diseases facing producers is a leaf disease known as "Black Sigatoka". This was first identified in the mid-1960s in the Pacific and has subsequently spread to Latin America, the Caribbean and, more recently, Africa. The main export variety, Cavendish, is very susceptible to Black Sigatoka. The International Network for the Improvement of Banana and Plantain (INIBAP) estimated in 1996 that controlling the disease cost Latin American producers cost approximately US $1,400 per hectare per year. (5)

To fight Black Sigatoka and the other diseases which increasingly affect export banana plantations, TNCs use huge amounts of toxic pesticides on their plantations. According to an International Union for the Conservation of Nature (IUCN) report of 1995, the average use of pesticides on banana plantations in the second major banana exporting country in the world, Costa Rica, is as high as 44 kg/ha/year, compared to an average of 2.7 kg/ha/year for most crops in industrialised countries. (6)

Many other varieties, which are of major importance for the survival of millions of small producers all over the world, are also susceptible to the disease. Smallholders often cannot afford the high costs of the pesticides and the pesticide application equipment developed for use by the export banana producers. Additionally, the pesticide application methods used by the large-scale plantations, aerial spraying for example, are not appropriate for small plots.

It was the spread of this disease to Africa, and its potentially devastating consequences, that was one of the factors which sparked the creation of INIBAP, whose main objective is to develop, through plant breeding, resistant varieties which could be grown without resorting to the use of the chemicals to control pests and diseases. Some results have already being achieved, but bananas and plantains remain the least researched of the major food commodities.

Several years ago, the Intergovernmental Group on Bananas of the United Nations Food and Agriculture Organisation (FAO) set up a special committee called the Banana Improvement Project. In a 1995 report, a project official stated that they hoped the major companies would provide the project with money and technical assistance to tackle difficult problems facing banana production, including Black Sigatoka. At the intergovernmental group's meeting in Rome in May 1997, the Banana Improvement Project wrote its own epitaph in the report on the meeting - "the lack of financial support from the banana industry is surprising and extremely disappointing", it read.

Del Monte claimed in a letter to Banana Link dated 19/09/97 that "they keep a constant 'eye open' for new banana lines.....Any potential clone with good taste and disease resistance traits would be immediately subjected to full priority study by their permanent research programme, whilst their technicians keep contact with international breeding institutes". This claim has to be seen alongside the industry's lack of support for the Banana Improvement Project.

Endangering subsistence farming

The colonisation of large tracts of land by banana companies has had a destructive effect on traditional economic sectors, driving people from their land and work. The displaced peasantry is either transformed into plantation workers, and/or an unschooled, underfed, underemployed reserve of cheap rotating labour, desperate to work for meagre sums under appalling conditions.

But bananas are also ecologically demanding species that require abundant humidity levels, high temperatures and a lot of nutrients in the soil. If bananas are cultivated without rotation, the soil fertility sharply declines after the first two years. This is one of the reasons which has pushed companies to continuously expand plantations by deforestation. (7)

The loss of forest and soils, together with high levels of pesticide application, has led to a loss of biological diversity. The internal deficiencies of natural and artificial drainage produce severe water and erosion, owing to the fragility of the soils and the concentrated flow of water. The ground, moreover, is kept permanently exposed without any types of shielding vegetation, and is also subject to the intense use of herbicides. As a consequence, the soil is effectively degraded into a silt, with the knock-on-effect of increasing sedimentation in adjacent waters.

In some regions, the accumulation of copper and other residues have left soils unfit for cultivation. (8) In the Pacific zone of Costa Rica, for instance, land abandoned by Chiquita in 1984 is too depleted and contaminated for most kinds of cultivation. (9) In the Philippines, farmers who settled on land that previously grew bananas lamented that their maize dried up in such a way that one might think the seedlings had come into contact with sulphuric acid.

The pattern of soil depletion and contamination is particularly significant because eventually it makes the plantations unsuitable even for chemical-intensive banana production. It also affects the whole generation because wherever a plantation has been abandoned, the land cannot be used for other type of subsistence farming.

The fear of many in Latin America is that companies will simply leave once the soils are too depleted, leaving them without any alternative for the loss of their main source of revenue and employment. This already happened in the past: banana companies abandoned their plantations in the southern Atlantic zone of Costa Rica when soils became unsuitable for banana plantations, moving production to the Pacific coast. When the soil was exhausted on the Pacific coast, they moved production to the central Atlantic zone.

Many of the plantations in Latin America are now 25 to 30 years old; this is considered the maximum optimal productive life for a conventional plantation. Del Monte and Dole are known to be investigating the possibility of establishing plantations in hitherto unexploited areas of South America and India.

Water and land contamination

An estimated 11 million litres of fungicide, water and oil emulsion applied each year to the banana production regions. Fungicides can be applied by aeroplanes by as much as forty times during each cultivation cycle. The EARTH College (Escuela de Agricultura de la Region Tropical Humeda) estimates that 15 per cent of this fungicide is lost to wind drift and falls outside the plantation, 40 per cent ends up on the soil rather than on the plants and approximately 35 per cent is washed off by rain. This results in a 90 per cent loss. Furthermore, for every ton of bananas shipped, two tons of waste is left behind, not least mountains of plastic bags sprayed with herbicides.

In 1992, the second International Tribunal on Water in Amsterdam condemned the Standard Fruit Company (Dole) for seriously polluting Costa Rica's Atlantic region through its banana plantations in the Valle de la Estrella. (10) But companies usually refuse to acknowledge that there are soil and water contamination problems, and scientists complain that they resist independent scientific studies on their plantations. "In order to change a situation, you need to know the situation", says Professor Castillo at the National University's Pesticide Programme, but companies won't let us gather any data because "they basically don't want the public to know".

Yet after many years of massive applications of pesticides, the incidence of pests in banana plantations has not been noticeably reduced. On the contrary, scientists argue that there are more pests today than 50 years ago as insects are becoming increasingly resistant.

Since 1996, there have been small improvements including increased control over the spraying of toxic pesticides. The World Bank, for example, is considering prohibiting the use of paraquat in projects they are financing, and Chiquita claims that they have discontinued the use of this product in its plantations.

But TNCs have usually adapted by rotating the labour force rather than by improving working conditions or reducing the use of pesticides. They use temporary labour on three or six month contracts for the dangerous tasks. When protective clothing is provided, the design is not comfortable and is practically unusable in a tropical climate.

Flooding

Although not as frequently cited as the other environmental effects of banana expansion, one of the most serious problems created by the banana plantations is flooding. In the Southern Atlantic region of Costa Rica, the indigenous communities have had to change their traditional dwellings from cone-shaped houses to rectangular ones raised on stilts, designed to protect them from the floods induced by deforestation associated with the activity of Chiquita.

While the floods can be attributed in part to deforestation, they are also exacerbated by the drainage systems in the plantations: canals throughout the plantations channel rainwater directly into nearby rivers, decreasing the opportunities for absorption by the soil. Flooding problems have increased dramatically in the past decade in the banana producing regions, and the recent tragedies of Honduras and Nicaragua were aggravated by intensive banana production in this region. The scale of the mud slides and the flooding in both countries was certainly significantly increased by deforestation and sedimentation.

The human cost

Scientists and environmentalists stress that the industry's pesticide problem does not endanger consumers, but does affect workers and the inhabitants of the regions where they are grown. The workers in the field often get sprayed with the plants, their water supplies get contaminated, and their children play in places that are riddled with harmful chemicals. etc.

Costa Rica is at the top of the list of countries with a high incidence of pesticide poisonings. (11) The average consumption of pesticides per capita is 4 kg per person per year - eight times as high as the world average of 0.5 kg and twice as much as the average in Central America. (12) Studies conducted by the National University of Heredia reveal that rates of pesticide poisonings are three times higher in the banana regions than in the rest of the country.

According to a 1993 report, banana production rates first for occupational accidents (72 per cent), followed by decorative plant and flower production (7 per cent). (13) The figure given for occupational poisonings in Costa Rica is 4.5 per cent (i.e. 4.5 per cent of all agricultural workers suffer from some kind of pesticide poisoning each year), well above the World Health Organisation (WHO) estimate of 3 per cent for developing countries.

The banana companies, Dole, Del Monte, and Chiquita, and chemical companies, Dow, Shell and Occidental, are currently facing lawsuits from 24,000 workers, mostly in Costa Rica, over the alleged harmful effects of the highly toxic chemical insecticide Nemagon (DBCP), which include birth defects, damage to the liver and kidneys, and sterility in male workers. This insecticide continued to be used on banana plantations, in some cases up to 1990, after it was banned by the US Environmental Protection Agency (EPA) in 1977, even though the companies were aware of the risks encountered by workers.

Dow Chemical and Dole are presently seeking to settle the long-running legal claims. Dow, who claim that all their products carry appropriate health warnings and that they can not be held responsible if those warnings are overlooked or ignored, have made an out-of-court offer of US $22 million to workers in a global settlement which works out to a few hundred dollars per worker. The plaintiffs accepted the offer from Dow, but cases against banana companies are pending. In a statement issued through its lawyers, Chiquita stated it stopped using DBCP in 1977, "two years before the EPA banned DBCP".

Although DBCP has now been banned, such a tragedy could recur. The chemicals the workers are using include at least four that are classified by the WHO as extremely hazardous (the strongest classification) including paraquat and three organophosphates not approved for use in the UK.

Deregulation

Obtaining new lands in Latin America to expand banana production is crucial for the TNCs to maintain their leading position on the international market. In 1990, the Costa Rican government pressured by Chiquita and Banacol started a "Plan of Banana Promotion" which gave great fiscal benefits favourable exchange rate policies, authorisation to use new lands, deregulation in labour and environmental laws, freedom to eliminate trade unions, etc. Press and educational campaigns were conducted to promote the modernisation of the agricultural sector. Small farmers who refused to turn their land into banana cultivation were subjected to strong pressure to sell their land. (14)

But this is not easy in some Latin American countries, like Honduras, as agrarian laws limits foreign ownership of agricultural land. This does not seem to stop TNCs, however. To circumvent existing laws, Chiquita, for instance, has been suspected of having developed a system called "nominee form of ownership". In Honduras, farms seem to have been set up with local nominees as owners, but their shares had no signatory. Not signing shares is the same as writing a blank cheque.

A complicated combination of local and overseas trusts in the Channel Islands and Liechtenstein using local banks as trustees enabled Chiquita to control the decisions of the local trusts. It appears that the company arranged for a local banana company to handle personnel, cash flow, tax issues and other functions of the supposedly independent farms. This aroused the suspicion of the Honduran authorities that set up an enquiry to determine whether Honduran law had been flouted or not. Such a system combines several advantages for the TNCs: it enables them to hide their assets and to shield themselves from liability for such things as worker lawsuits and child labour violations.

In other countries of Asia and Africa, the plantation lands of TNCs usually date back to colonial times. There was no land reform and lands are then simply leased or sold by the governments or land "barons". In Cote d'Ivoire however, TNCs have been known to pursue the same strategy as in Latin America (i.e. offering relatively high prices to small producers for the sale of their farms which are then regrouped to build large-scale plantations. The ex-peasantry is then enrolled as cheap work force).

Social unrest

The TNCs entered the 1990s with a period of intense competition. In their drive for EU and world-wide market shares, they influenced governments to such an extent that countries from Colombia to Belize had to accept impositions with regard to tariff duties, customs preferences, duty-free exports and imports of their products, and preferential financial treatment in the banking systems of the host countries. They set producer countries to compete with each other so that they obtained the best possible production and export conditions. Thus in 1992, the government of Panama attempted to apply an increase in the minimum wage paid in the plantations but had to step down after threats by Chiquita to terminate contracts with the local growers.

In Honduras in 1994, Chiquita closed four of its plantations after strikes by its workers, whose salaries had fallen from $8 per day in 1987 to less than $3 in 1994. (15) They also pressurised Latin American governments to push through new labour policies directed at the partial or total modification of existing laws.

Taking advantage of the world-wide banana market crisis, the "big four" (Chiquita, Dole, Del Monte, and Fyffes), plus national producer companies such as Noboa in Ecuador and governments in Latin America, are also slowly eliminating many of the workers' social guarantees. These measures include: refusing to sign collective agreements; reducing salaries; increasing the length of the working day; fuelling anti-union feeling through the means of 'Solidarismo' (see below); increasing persecution of trade unionists and abandoning plantations without paying the redundancy benefit.

Environmental regulations

At the end of the 1980s, when the market was still expected to grow significantly, governments in banana producing countries passed (or suppressed) a number of laws in order to attract the TNCs and/or to favour the emergence of competitive national producer groups. For instance, the Costa Rican government passed a law allowing and encouraging the rapid expansion of banana plantations into lands hitherto covered by forest or used for small-scale subsistence agriculture.

In 1992, a presidential decree aimed at creating a new category of pesticides called "consolidated generics" was introduced in Costa Rica to cover pesticides such as captan, diuron, paraquat, chlorothalonil, 2.4-D, and mancozeb. Its objective was to allow registration without presenting new information and research, thus eliminating the need of a letter from the pesticide manufacturer authorising the request for registration of the product in Costa Rica. The decree created a local outcry and was temporarily withdrawn.

Costa Rica also passed a number of laws in an attempt to protect its citizens and the environment. These provide, for instance, for a registration scheme to register pesticides for use on specific crops, but products are often used in many ways for which they are not registered. And TNCs usually make their own decisions regarding volumes, types and frequency of use of pesticides as they fear that revealing the exact composition might affect their competitiveness on the market.

In the banana sector, TNCs have been actively supporting the replacement of independent trade unions by a labour movement known as Movimiento Solidarista Costarricense or "Solidarismo". Companies say that Solidarismo is intended to foster a better working relationship between workers and employers through more informal discussions, co-operative planning and implementation of employee job improvement recommendations. Trades unions, however, see it as a deliberate attempt to eliminate and replace fundamental workers' rights to freedom of association and collective bargaining. With Solidarismo, it is said that strikes and collective bargaining are no longer needed, but replaced by harmonious relationships and the promise of negotiation.

Solidarismo is dangerous, however. Its aim is to convince workers to adopt entrepreneurial values as their own, while selling the false ideas of popular capitalism and class harmony. It therefore often goes together with cheap, cheery mottoes, like "Juntos es mejor" (together it's better) or "together we grow" in order to convince workers that bananas are their gold too. Entrepreneurial control is obtained by selecting leaders from high ranking management staff. The management representation steals the leading role of the working classes, generating a loss of identification with the activities that have traditionally been their own. The company is the only identity that exists, and the only one which is expressed, men and women as individuals do not exist.

Though some argue that it is a modern, less conflicting form of trade unionism, Solidarismo has nothing to do with democratic trade unionism. Solidarista associations are partly funded by the companies and partly by a percentage arbitrarily imposed on wages. They provide an attractive range of facilities for the workers including credit facilities, social, cultural and sporting events, and economic dividends, but do not defend workers' rights and do not recognise their right to collective bargaining.

Solidarismo officials recognise that they have no power to institute any corporate change, or provide legal or financial assistance to workers who think they have been wrongly fired.

Solidarista associations are strongly backed by the Costa Rican government, which believes that aggressive independent trade unions are the reason why TNCs left the country after the great strike of 1964. The government therefore does very little to defend workers' rights and to maintain a democratic labour relationship between companies and the workers. Today there are over 1,800 solidarista organisations in Costa Rica in all of the Costa Rican productive sectors, with approximately 200,000 members. (16) It is now in danger of being recognised as a form of unionism. The Costa Rican government has tried several times to enact a law which would give the right to solidarista associations to negotiate on behalf of the workers, thereby obtaining the legal status of trade unions though their representatives are not democratically elected. The enactment of these laws has until now been stopped by international pressures from trade union confederations and the International Labour Organisation.

But it is spreading rapidly to other countries: once its efficiency had been proven in Costa Rica, the model was exported to other Central American countries, growing significantly in Guatemala (300 organisations and 50,000 affiliates), Honduras, El Salvador, Nicaragua as well as Colombia, the Dominican Republic and Mexico.

Companies increasingly try to free themselves of direct ownership of plantations, in favour of guaranteed supply contracts with medium- and large-scale producers in the countries where they operate. It allows the Northern-based company headquarters to shift the responsibility for labour and environmental conditions in the plantations onto local shoulders, saying that these conditions are not under their control and that national legislation is in place to ensure that minimum standards are respected. Trades unions and other NGOs in the region have regularly reported that wages, labour conditions and environmental management practices are generally speaking as bad, if not worse, on these nationally owned plantations than in their transnationally owned neighbours. Adequate labour and environmental legislation often exists, but is rarely enforced until directly challenged in court.

The chief negative impacts of banana monoculture, believe the banana workers, are:

* High level of contamination of rivers and canals which causes the death and destruction of fish and coral reefs.
* Large-scale deforestation (30 per cent of the current banana plantations were covered with forests when they were bought by the banana companies); companies have broken the laws by deforesting the river banks, thus speeding up problems of erosion and sedimentation, and provoking floods.
* Acute, as well as chronic damage to workers' health. Violation of labour union rights and substitution of trade unions by Solidarismo.
* The monotonous landscape of the plantations, the overwhelming use of pesticides, squalid housing and the general low quality of life on the plantations, all contribute to a psychologically asphyxiating environment which leads to self-negation and depression.
* High level of migration, creation of all-male villages, low wages and insecurity of work contribute to acute problems of alcoholism, drug addiction, prostitution, delinquency, violence and family disintegration.
* Endangering of wildlife and indigenous tribes.

In the Caribbean regions of Latin America, important indigenous populations, like the Cabecar and the Bribri peoples, are seriously threatened by the contamination of their rivers, pressure on their lands, as well as the negative effect on their cultural identity when their youth became workers on the plantations. (17)

Political influences

In 1993, the European Union introduced a new import regime for bananas, a complex regulation that has had strong repercussions on the structure of the international banana market. By accentuating the differences between EU and US companies, it obliged the operators to redefine their positions and to develop new market strategies. All companies had to adapt and restructure their businesses.

The new regulation tried to combine four main objectives:

- to harmonise the import regimes of each of the member states, to install a Common Organisation of the Market in Bananas (COMB) so that European producers - who are not very competitive on the international market - can benefit from the support mechanisms planned by the CAP (Common Agricultural Policy);
- to guarantee that access to this market for their traditional ACP and European suppliers was not hampered by the foreseen influx of cheap Latin American bananas, as stated by the "Banana Protocol" of the Lom Convention;
- to a lesser extent, to support European companies, often less competitive than their American counterparts;
- to strengthen their market position with a view to greater opening of the frontiers after a 10 year transitory period.

This resulted in a complicated trade mechanism, introduced on 1 July 1993, whereby four categories of suppliers were established, each receiving different treatment:

1. EU producers (mainly the Canary Islands, Martinique and Guadeloupe) were covered by internal aspects of the common market. For this category, income support for up to 854,000 tonnes is guaranteed when prices fall below the costs of production.
2. Traditional ACP countries (i.e., the 12 ACP banana suppliers in the years preceding the single market) have duty-free access up to a maximum amount of 857,700 tonnes per year.
3. Non-traditional ACP countries (e.g. Dominican Republic, Ghana) and quantities from traditional ACP countries above the ceiling of 857,700 tonnes.
4. Third countries, the so-called 'dollar' countries. Together with category 3 producers, they share a tariff quota of 2 million tonnes - duty free for non-traditional ACP countries and with a tariff of 75 ECU per tonne for the Dollar bananas. This quota was to be increased to 2.553 m. tonnes with the accession to the EU of Sweden, Finland and Austria.

The "dollar" allocation was further divided into traditional traders in dollar bananas (66.5 per cent), established operators of Community and/or traditional ACP bananas (30 per cent) and 'newcomers' (3.5 per cent). The allocation of dollar quotas to the ACP companies was designed to cross subsidise the expensive ACP bananas with some dollar banana quota rent, and thus strengthen the position of the ACP companies in relation to the dollar companies. At the same time, it led the dollar companies to invest in ACP countries to allow them to establish rights to future dollar quota allocation within this category.

While it was initially thought to make up for the difference in production costs between the ACP and the dollar zones, and to enable ACP producers to remain competitive on the European market, the system soon resulted in an active trade in dollar licences, due to the insufficient level of quota allocation. The value of the licences, depending on demand, have been fluctuating enormously and reaching as high as $78 per box. The total cash value of the licences is calculated to be over $1bn. annually.

The international trade dispute

Both inside and outside European Union countries, the system has come under attack from the moment it became effective. Five main Latin American growers (Costa Rica, Venezuela, Colombia, Guatemala and Nicaragua) protested against the system under the rules of the General Agreement on Tariffs and Trade (GATT). The GATT found that the EU import regime contravened its rules, but the EU did not accept the findings; it offered to settle with the named countries in exchange for ending the dispute. All but Guatemala signed a compensatory "Framework Agreement", which was included in the last phase of the GATT Uruguay Round in April 1994. Ecuador and Honduras did not participate, not being members of the GATT.

The Framework Agreement allocated quotas for the countries involved, which meant that national governments were entitled to distribute export licences. The banana companies protested, seeing this as increasing the problems they already had with the system. Chiquita, in particular, decided to actively oppose the system, and pushed hard for the Clinton administration to bring the case to the World Trade Organisation which replaced the GATT in 1995.

The US laid the case before the WTO, and, in 1996, a dispute panel was established. Two earlier GATT dispute settlement panels on EU banana trade policy had threatened sanctions against the Union, as well as Costa Rica and Colombia (using punitive US domestic trade law Section 301). In the final ruling, the WTO dispute settlement panel found that the EU's tariff quota regime for negotiating and allocating quotas acted in a discriminatory way, though the quota system as such was not condemned.

The EU confirmed its intention to fully comply with the dispute ruling and its recommendations. In July 1998 it came up with a new proposal which chose to continue a managed market for the import of bananas, but revised the system for allocating the licences so as to make compatible with WTO trade rules.

Buying influences

The ways in which the banana companies have been adapting to the EU regime, and to the changing world market, have varied. Chiquita adopted a far more formal position than the other companies. Accusations were made that the US action against the EU position was brought by Clinton administration in return for political funding from the giant US fruit exporter. According to an analysis of money donations, the Chiquita president, Karl Lindner, relatives and officers of his companies gave a total of US$ 3,164,460 in "soft money" donations to Republican and Democratic fundraising committees from 1988 through to 1997. (18) Powerful congressional leaders, who had received donations, sent letters to the White House pressuring the administration to support Chiquita's position, and, following Chiquita's lobby, the US used its muscle to pressurise states like Mexico, which does not export bananas to Europe.

Dole and Del Monte adapted more pragmatically to the new situation. Dole did not file requests with the White House, but proposed a compromise (in 1995) to avert the WTO action; this was turned down. Both companies took advantage of the new system by investing in ACP and European countries to access the "B" licences.

Chiquita claims that "the EU banana regime is illegal and an unfair trade practice". When the EU issued its amendment proposal, the company made it clear that it would not accept anything less than a complete liberalisation of the EU market, and would request the US government to pursue the case at the WTO and take retaliatory sanctions against the EU. Chiquita traces its current financial problems to the creation of the EU banana protections. But the company's market share fell from 25 per cent in 1991 to 18.5 per cent in 1994. Tim Cuniff, Del Monte's director of marketing for North America, thinks that the loss can only be related to unsound business decisions. He points to the huge capital investments that the company made in the early 1990s in anticipation of an Eastern European market boom that never happened. Much of this money was used to buy and lease ships and expand plantations in Central America in anticipation of a huge growth in European sales.

Chiquita also made mistakes when preparing for the Single European Market, diversifying less into ACP and European countries than Dole and Del Monte. Finally, in 1997, the company encountered serious quality problems with its shipments from Honduras following the breakdown of its quality control operations.

Nevertheless, Chiquita continues to play a major role in formulating US banana trade policy. At the UN's Food and Agriculture Organisation (FAO) banana conference in May 1997, the US delegation consisted of 3 US trade diplomats and 44 advisors: the president of Chiquita Europe, Chiquita's assistant general counsel for Cincinnati, a representative of a law firm which defends Chiquita's views in meetings and the head of a banana trade group that represents the entire industry. A proposed to the EU trip of the Panamanian Foreign Minister, Ricardo Alberto Arias was cancelled, following concerted efforts by Chiquita. In the company's view, the EU tour was too dangerous and could have led to some kind of agreement with the EU ministers.

The WTO banana case has effectively become a fight between two economic powers: the European Union and Chiquita Brands International. As the European representative of the Association of Cameroon Banana Producers, Mbarga Atangana, puts it: "Chiquita is now trying to have banana growers in ACP countries pay for its own mistakes by cutting out European protection". The banana trade dispute, however, concerns far more than market shares and the simple ideologies of free trade versus protectionism; issues like the livelihoods of the banana farmers, and sometimes the entire national economies of small British former colonies and French departments, like Jamaica, the Windward Islands, Martinique and Guadeloupe are at stake.

Seventy per cent of St Vincent's population, for instance, make their living directly or indirectly from the banana trade; in St Lucia, one person out of three. 60 per cent of the Windward Islands' export earnings come from bananas. Squeezing their shares of the European market, and destroying their economies, inevitably will condemn thousands of people to poverty and hardship.

Changing company strategies

The EU banana regime accentuated the differences between EU and US companies although, in the end, all are involved in the same fight for a good mix between sourcing ACP and dollar bananas to obtain maximal access to dollar licences. The establishment of supplier categories within the EU regulation forced companies working in ACP countries to get involved in Latin America, and induced dollar companies to try to get ACP licences. For established operators of the Euro and/or ACP bananas: the decision to reserve 30 per cent of the dollar licences gave them the opportunity to source imports from the more profitable dollar banana outlets.

Geest decided to invest $150 million in a new 3,000 ha plantation in Costa Rica. Disease and labour problems made the investment a financial failure, and after the take-over by Fyffes/Wibdeco, the land was sold to a consortium of Latin American businessmen. Fyffes expanded its marketing contracts in Central America and Ecuador, and succeeded in spreading its sources to include ACP, Euro and dollar bananas. But Fyffes's entrance into Honduras (through contracts with independent growers) and Guatemala (production contracts) did not succeed, and now it works mainly through agreements with other traders, including Dole.

For US companies, a foothold in the ACP and/or Euro banana countries assured them part of the 30 per cent dollar licences reserved for this category. Indeed, all US companies have invested in Cameroon and/or Ivory Coast, mainly through joint ventures with French companies (e.g. Dole/Compagnie Fruitiere) and tried to get a foothold in the market for Caribbean bananas.

Dole considerably expanded its control in the Ivory Coast via its participation in Compagnie Fruitiere. Del Monte is now present in Cameroon and Somalia and the Philippines, but Chiquita was less lucky. In 1994, Chiquita sent representatives to St. Lucia to make the offer of a joint venture with local growers. Under the deal, Chiquita was to offer technical support and a slightly higher price. Per contra, the company would have got hold of all the European licences and become the exclusive distributor of these islands' bananas. When the governments rejected the offer, Chiquita went directly to growers, and caused a split in the farmer movement. A common fear was that Chiquita's intention in the short term was to get hold of licences, but that in the longer term it would destroy West Indian banana production because it can grow bananas much more cheaply elsewhere.

Winners and losers are clearly shown in the table. Chiquita is being overtaken by Dole as it lost market share in the EU and elsewhere, in the face of the more aggressive strategies of Dole Food and Del Monte. Dole Food is the world's leading fresh fruit company and, although Chiquita is still mentioned as the banana leader, the differential between them has grown very small.

Main companies, results and market shares 1992-97

	SALES ($m.)	Profit/loss ($m.)	World Share (% of boxes)	EU (% of boxes)	USA (% of boxes)
1992			525m.	200m.	165m.
Chiquita Brands	2,723	(284)	34%	> 30%	
Dole Food Company	3,120	16	20%	12%	
Fresh Del Monte Produce	900	(63)	15%	7-8%	
Fyffes	890	47	2-3%	4-5%	
Geest	n.a.	5	3-4%	5-6%	
1995			610m.	180m.	170m.
Chiquita Brands	2,566	9	> 25%	19%	35%
Dole Food Company	3,804	89	22-23%	15-16%	35%
Fresh Del Monte Produce	1,068	(72)	15-16%	8%	18%
Fyffes + Geest	1,700	65	7-8%	17-18%	1%
Noboa	-	-	12%		
1997			625m.	210m.	200m.
Dole Food Company	4,336	160	25-26%	18-19%	
Chiquita Brands	2,434	0	24-25%	15-16%	
Fresh Del Monte Produce	> 1,200	> 100	16%	10-11%	
Fyffes	1,460	54	6-7%	16-17%	
Noboa	-	-	13%		

Sources: Eurofood, Fruchthandel, Reuters, Annual Reports, Solidaridad, Euro PA (1994), ADL (1995), author's estimations

The introduction of the EU regulation in 1993 made the overcapacity in banana production that was created at the beginning of the nineties evident, and has resulted in a global restructuring of the banana business. All companies involved have been both defining their core activities and reorganising to become more cost effective.

Diversification

All companies have been diversifying into other fruits: Within Dole food operations their banana trade accounts for an estimated 35 per cent of turnover. Other fresh fruit and vegetables and packaged fruits and juices make up for the other 65 per cent. Falling profits have obliged Dole to restructure its business. It decided to sell off the more problematic activities (part of its juice and dried fruits activities), while it invested in the development of its fresh fruit business, in particular melons, pineapples, grapes, kiwis, apples. In 1994, Dole became Chile's leading fruit exporter, accounting for over 12 per cent of Chilean exports.

Chiquita's operations are more concentrated on bananas (about 60 per cent) and expansion in 1990-91 increased its long-term debt. The recent crisis obliged it to invest in the restructuring of banana operations, and restructuring charges and interest charges hugely affected results. Chiquita has been investing in other fresh fruits, but to a lesser extent, and has a packaged-food division for canned vegetables, juices, etc.

Del Monte is the world's leading pineapple producer and a leading melon exporter. It runs the fresh fruit exporter United Trading Company (UTC) in Chile, through which it plans to expand its fresh fruit business to Europe and Asia. Fyffes is also a mixed fruit company, with their banana trade accounting for 25-30 per cent of its total business. Following its rapid expansion into the crop, Fyffes became more dependent on bananas but corrected this to some extent when, in 1994, it also invested in Chile with the take-over of NAFSA, a fresh fruit exporter.

The restrictions in the European markets also led to increased efforts to develop other markets (Near East, South America, Far East), where per capita consumption is still much lower. The Near East had the biggest increase in banana imports in 1992-93 and is increasingly supplied from Latin America. The three southern countries of America (MERCOSUR) have nearly doubled imports since 1992, and are almost totally supplied by Ecuador. The Former Soviet Union (FSU) market has grown rapidly since 1994, but showed a decline in 1997. More recent are increased imports into China.

In the fight over the Japanese market, Del Monte won access to distribution channels, lowering its prices and giving the other two a hard time. Losses for Chiquita have been such that, for a time, it reduced its banana trade to Japan while maintaining its ripening and distribution facilities. Given the recent decision of the Japanese government to relax limitations on agricultural imports and the rapid increase in Chinese imports, Chiquita, like the other fruit companies, has stepped up activities in the Far East.

Pressure on wages

Changes have also occurred in the control of banana production which were to the disadvantage of Chiquita. In Honduras, Guatemala and Ecuador, Dole has increased its control, while in Costa Rica, Del Monte is expanding; in Asian production, Del Monte and Dole are dominant. Meanwhile, Chiquita has been disposing of 1,200 ha of less productive land in Honduras, using the strike of 1994 as a justification. Moreover, new forms of labour practice are being introduced in the plantations, with "Total Quality Programmes" itemising work and responsibility.

The constant pressure for low-cost production is worsening both primary and secondary labour conditions. Furthermore, all companies are increasingly trying to settle in the Far East, in countries like India and Indonesia. The attraction for the companies is evident: a vast cheap labour pool, nonexistent workers' benefits or occupational protection, the absence or near absence of environmental safety regulations, tax breaks and the opportunity to market products at monopoly prices. Capital is produced by labour. A recent study of the pineapple sector in the Philippines found that a worker in the Philippines gets US $3.50 a day, while in Indonesia only $1.61 is paid. This is to be compared with US $14.87 per day in Costa Rica or $6.42 in Ecuador. In India wages are as low as in Indonesia, and the liberalisation process is leading to increasing foreign agricultural investment.

Market orientation

Given the increased concentration in the market and the retail sector, all food companies are obliged to strengthen their market orientation. The increased competition with other brands and private labels has led to a process whereby supply contracts and conditions are increasingly determined by the retail chains - the so-called reversion of the production chain. Efficiencies are no longer sought only within the companies, but also along the whole production chain. Consequently, requirements in the area of dependable supply, technology, marketing and logistics are constantly increasing.

Due to the high investment involved in these developments companies are looking for partnerships through 'preferred suppliers' relations. Dole, for instance, is developing an aggressive strategy in this field, arranging partnerships with retailers, wholesalers, and distributors, in order to set up integrated import, ripening and distribution systems. It states in its 1996 annual report that is has shifted its focus from the supply side to the market side.

At the same time, the increased market orientation makes the banana companies much more sensitive and vulnerable with respect to consumer opinions. This means that actions on the consumers' side, like the fair trade initiative and the UK banana campaign, can have a far-reaching impact. The recent EU study of consumer attitudes in Europe to fair trade bananas found an overwhelming interest (400,000 tonnes based on conservative estimates). Equally, the attention the big fruit companies are paying to the combined banana campaign from the Costa Rican trade union SITRAP, UK Banana Link/World Development Movement and the International Union for Foodworkers (IUF) shows the growing concern of the companies for their image. Discussions in the UK between the Banana Group of the major fruit companies and the retail sector, through the British Retail Consortium (BRC), concerning a Code of Conduct, and the recent negotiations with Del Monte in Costa Rica (Bandeco) about union rights and social and economic conditions resulted in an agreement between SITRAP, the independent trade union and the company, Bandeco. This is a clear example of what combined consumer/trade union action can achieve.

"Better Banana"

Chiquita has followed a more conservative strategy which concentrates on advertising to strengthen its presence in the wholesale/retail sector and to improve brand awareness. In 1995, the company started the ECO-OK programme (or Better Banana Project) through which it hopes to establish itself as the environmental leader of the banana companies. In Europe, where the ECO-OK certification is not recognised as an eco-label, the campaign is primarily directed at the retail sector. The goal is to convince retailers and consumers that, on top of the premium quality bananas Chiquita prides itself on offering, important changes are being made in their plantations in Costa Rica and elsewhere to improve environmental conditions. Plantations are certified by a US environmental NGO, Rainforest Alliance, which set up the criteria and also monitors their implementation.

According to the NGO, Foro Emaus however, these criteria are unverifiable. Banana plantation owner, Volker Ribniger, has pointed out that it is possible to get certification merely by respecting existing laws. The plantations may not use chemical sprays that are banned by the US Environmental Protection Agency (EPA).

Though recommendations are made, there is no clear ban on "the dirty dozen" or WHO-classified highly hazardous substances. Improvements seem only to be made when they do not require any further investment from the company. It put efforts, for instance, into collecting plastic bags but there is no composting scheme, and no intention to avoid or phase out pesticides, even in the long term. Independent trade unions in Costa Rica have also testified that on union rights, virtually nothing has changed since 1990.

But the strategy seems to work, at least with German and Danish retailers who have recently backed a large-scale advertising campaign in the German supermarkets for the ECO-OK bananas. Chiquita is the best established firm on the German market and its dominant position enables it to exact an extra premium from wholesalers and retailers who wish to sell "quality" bananas. The blue label has become a guarantee of "quality", that Chiquita is trying to turn into a guarantee of "sustainability", with the sole means of a well designed public image campaign.

Dole claims to have been developing and implementing Integrated Pest Management (IPM) techniques in all its farms, that it complies with the quality control and management criteria of the International Organisation for Standardization (ISO). "Independent audit against international, publicly accepted criteria is essential and preferable to private organisations giving their seal of approval to products and production methods" says Dole. (19)

The company claims that this "shows that Dole takes seriously its responsibility to build a sustainable environment, in particular for its workers, and produce safe and wholesome food". They do this, however, not because of any interest in improving the environment or workers' health but because they need to respect the various standards, and the social, environmental, financial, and economical pressures to remain competitive on the market. (20)

But the ISO series, 14,000, is a management process - it only certifies that a plantation is trying to reach the objectives; it says nothing about the objectives themselves, let alone whether they have been fulfilled or not. With ISO 14,001, for instance, plantations have to base their application of pesticides on IPM. This is not necessarily a guarantee of lower dosage if there is no statement of targets and no specification of the threshold level. IPM can also be achieved by spraying per plantation or by spraying a whole plantation, when localised spraying would be enough to eradicate the disease.

In Honduras, Dole introduced a "Total Quality" management policy whose objectives are to subscribe to ISO 14,000 criteria. The objectives of the policy clearly differentiates between environment features and issues of health and security at work. (21) Yet, to motivate its workers, the company explained that if they subscribed to ISO 14,000 this would bring about labour stability, a better working environment together with better ecological practices. To promote this policy, Dole also used a pre existing structure, with a central committee including an equal number of management staff and union representatives, regional committees and local members of Parliament, a structure originally set up to deal with hygiene and security issues.

By using these pre-existing structures, and by planning the meetings during working hours, Dole succeeded in encouraging workers to adopt a policy orientated by the company's profit motives by getting them to believe that it will induce better labour conditions, and also by leading workers to believe that the management of the "total quality" programme was a joint initiative with trade unions. It also succeeded in weakening the efforts of independent trade unions to improve health and security at work.

Code of conduct

In November 1998, the Banana Group (comprising the main banana companies in Britain) issued a code of conduct for the banana industry based on social and environmental criteria that refers to various ILO conventions and include recommendations for a better use of pesticides. Companies have put a lot of time and work in the development of this code over the last two years, which they claim has been designed together with retailers. There was however no consultation with the representatives of workers of with NGOs.

The unilateral manner in which the code was promulgated is clearly reflected in the number of technical and legal inaccuracies contained by the sections: in the "labour" section for instance, under point 7, the code states that "workers will have the right to join any workers organisation of their choice". Yet, as the IUF stated, "the history of labour relations in the banana industry has been characterised by incessant conflicts stemming from the refusal of employers to accept the right of workers to join unions and for these trade unions to represent workers in the collective bargaining process, to monitor health and safety conditions and to institute effective grievance procedures. [Therefore] changing situation require an explicit affirmation of trade union rights. Anything less is clearly insufficient and constitutes an implicit recognition of solidarista associations". (22)

Many of the pesticides used in banana plantations, Carbamate for example, are organophosphate and synthetic pyrethroid insecticides of short term persistence but highly toxic to aquatic organisms (or people, and livestock drinking the water). Their impact on the environment cannot be measured by biennial monitoring. Rather the monitoring procedure should rather be determined by the pesticides used, and be much more frequent in the case of products with short-term persistence.

The good news however is that, in the code, there is a statement saying that "the industry is committed to independent impartial verification". If they want this initiative to be considered as a first step toward more sustainability in the banana sector, UK companies will have state clearly how and by whom verification procedures will be implemented. At the same time, in order to avoid that the code remains a mere statement of abstract principle, companies will have to reconsider the code and embark on a process of negotiation with trade unions and NGOs representatives for a renegotiation of the criteria.

However, one of the main difficulties raised by the code, in common with all the initiatives described above, is that it requests an increased participation of producers and trade unions in the process of developing social and environmental standards and criteria that essentially benefit companies and consumer organisations in industrialised countries. But it is TNCs who should bear the cost of this. Although there is often sufficient social and ecological legislation in their countries, producer groups and trade unions are expected to travel to meetings all over the world, and to have the staff and the time to design new criteria and monitor their implementation. They find themselves increasingly trapped in situations whereby they either cannot take part to meetings and are accused by companies of obstructing progress, or, if they travel, may have to neglect some of their traditional duties.
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Footnotes

1 Source: EUROSTAT 5-1998.
2 Free on Board.
3 Sigatoka is a leaf disease attacking the banana plant.
4 Solidaridad, 1993.
5 In Costa Rica, Yamileth Astorga of the National Agricultural University of Costa Rica estimates the total cost of fighting the pests to represent 35 per cent of the total costs of commercial banana production.
6 International Union for the Conservation of Nature, 'Evaluation of the Social and Environmental Impact of the Banana Expansion in Sarapiqui, Tortuguero, and Talamanca', 1995.

7 In Costa Rica, the area under banana cultivation no reaches 49,400 hectares in 1997 compared with 28,296 ha. in 1990 (Yamileth Astorga, 1998).

8 Foro Emaus, 1997.

9 cf. Alistair Smith, Banana Link, 1997.

10 It is estimated that the once thriving coral reefs along Costa Rica's coast is now 90 per cent dead as a result of pesticide run-off and sedimentation (Fundacion Guilombe, 1993).

11 Costa Rica is not the country where the situation is worst, but one of the only countries in Latin America for which data are available.

12 Yamileth Astorga: The Environmental Impact of the Banana Industry, IBC, 1998.

13 C. Wesseling and L. Castillo, and C G Elinder, "Pesticide Poisoning in Costa Rica", 1993. Original article in Scandinavian J Work Environmental Health Vol 19:227-35.

14 In "The Secret Account of a Banana Enclave the struggle of Sara de Bataan", Foro Emaus, 1998.

15 In New York Times and Everybody's news - Cincinnati, 19 September 1996.

16 cf. Dole, letter 28 August 1997.

17 In "The Secret Account of a Banana Enclave", Foro Emaus, Costa Rica 1998.

18 In the US, soft money donations are legal, but they have recently become the focal point in the critical debate about campaign financing reform.

19 In a letter of W.F. Feeney, President of Dole Europe S.A. addressed to WDM on 28 August 1997.

20 In "Estrategias Gereniales en Bananeras de Honduras", Maria Eugenia de Trejos, July 1998.

21 "Estrategias Gerenciales en Bananeras de Honduras", Maria Eugenia Trejos, July 1998.

22 Letter of the director of the International Union of Food Workers to David Read, chairman of the Banana Group, 10 November,1998.