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Banana Trade News Bulletin

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Editorial

All quiet on the banana front?

It might seem that, at least on the surface, everything has gone quiet after eight years of banana trade wars. The disputes between the two trading giants of the world have moved on to other subjects like corporate subsidies, steel and clementines. The World Trade Organisation has granted a new waiver for ACP banana imports into the EU until 2008. The European Union has had no serious challenge either to its transitional regime in place since July last year, nor to its commitment to do away with quotas and licences by 2006.

But as we go to press, three news stories belie the apparent calm.

In Ecuador, plantation workers at seven plantations producing for the Nobao Corporation have decided that they have suffered enough abuses and injustices. On 25th February they took strike action and the following day registered a new independent trade union. Two weeks later, after presenting their long list of demands, 120 of those who had joined the union were sacked and another 180 laid off 'due to lack of work'. Like many banana workers in Ecuador, they are not directly employed by the company which owns the plantations, but by three separate labour contracting companies. This complicates their quest for justice, but Ecuadorian employers cannot go on conspiring to flout the Labour Code for ever. In a country whose Labour Minister admits openly that the laws in place are not respected, surely it is time to heed at least the moral arguments that workers in such a strategic industry for the national economy cannot be denied their rights and their basic human dignity. The legal arguments being used by both sides of this historic dispute will of course determine the

immediate outcomes, but at some point the Ecuadorian banana industry will also have to take seriously the economic arguments which tend to demonstrate that an exploited workforce will not deliver improved productivity (see *Editorial in Bulletin 24*).

At the other end of the chain, the US supermarket chain Wal-Mart is set to make its own weighty contribution to the accelerating 'race to the bottom' in the industry. A deal by the world's biggest single company to sell exclusively Del Monte bananas at knock-down prices from 1st May has struck fear into Wal-Mart's retail competitors in the highly profitable UK market. The threat of a consumer price war led by Wal-Mart-owned Asda is already jeopardising fledgling attempts to enshrine ethical trading practices amongst the country's major supermarkets. Some market analysts point out that it will be impossible to compete with Wal-Mart's low margins and that the best way to survive for Asda's competitors is to offer consumers a more ethical product at a slightly higher price. The future for Caribbean bananas in their only major market, as well as for the further growth of fair trade and organic alternatives, looks bleak unless the ethical arguments are won.

Then there is Chiquita. The former No.1 banana company is just emerging from near-bankruptcy after piling up losses in seven out of the last nine years. Undoubtedly, Chiquita is benefiting from having more licences in the EU market than it has had since 1993, but it appears to be too late to save the company from being bought out. A consortium of Latin American bidders, Fyffes, Dole and even Noboa – already a major shareholder in Chiquita – are all in the running to buy the ailing banana giant. The concern for plantation workers and concerned consumers is that the new-found interest by Chiquita management in corporate social and environmental responsibility may go out of the window when the buyers get their feet under the table. Even if many of the solemn commitments by the company to raise standards and to engage in a permanent dialogue with the trade unions and other stakeholders have yet to be implemented on the ground, there is widespread agreement that at least Chiquita has turned its back on its notorious past record.

All three developments present risks and opportunities. The overriding risk is that short-term thinking will prevail; and that economics

which takes no account of the people and the environment crucial to long-term success and sustainability will lead the whole industry towards a situation where survival in the international banana economy means production without responsibility and trade without justice. Instead of being an example of how things can be different, the banana industry could go down in history as the classic example of how an industry buried its head in the sand and let the unregulated market kill any pretensions it had to becoming a responsible wealth-creating global citizen.

Issues

STRIKE ACTION AND NEW UNION IN NOBOA FARMS

On 25th February, more than 1400 workers at seven plantations belonging to the Noboa Corporation (Alamos Division) went on strike in support of their basic rights established under Ecuadorian law. Specifically, the workers are demanding that they are paid overtime, inscribed in the Social Security system, provided with healthcare facilities, fair wages and job security. They are fed up with what they describe as the inhuman treatment to which they have been subjected and have formed a new union, the General Union of Plantation Workers of Haciendas Yanayacu 1 and 2, Rey Rancho 1 and 2, la Nueva, Zapotal and la Teresa.

Two weeks later, after the company had hired private security, 120 of those who had signed up for the union were fired and another 180 laid off because of 'lack of work'. The new union has lodged a petition of complaints with the authorities and is waiting to see whether the employers are prepared to negotiate with the new union. Their quest for justice is made more difficult by the fact that the direct employers are three labour contracting companies, a system very common in Ecuador. An international campaign to support the rights of these workers to form a union and negotiate in good faith has been launched.

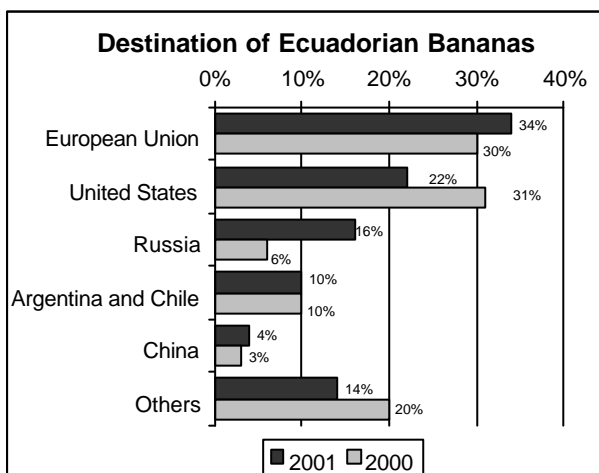
Many in the industry will be watching this case, as Ecuador has become the world's biggest exporter at least in part because of its cheap and long-suffering workforce.

Source: FENACLE, Guayaquil, 27/02.

FAIRTRADE SALES UP 30%

Sales of Fairtrade labelled bananas in Europe saw their biggest annual increase since they were first launched in the Netherlands in late 1996. Provisional figures for 2001 show that over 30,000 tonnes were sold in 12 European countries, with the most significant rise in the UK market, where sales reached over 1.5% of the total market. Switzerland still sells the biggest overall volume and saw an increase of 16% in 2001. Three countries launched Fairtrade bananas during the year: Finland, France and Norway. In early 2002, Austria became the 13th country to launch.

Source: FLO, Bonn, Jan 02; www.fairtrade.net



Source: SICA, Ministry of Agriculture, Quito www.sica.gov.ec

ECUADOR: HIGHER EU SALES, HIGHER PRICES

Initial signs are that Ecuador is selling more to the profitable EU market, as the EU promised would happen with the reformed import regime in place since July 2001. Government figures show that the overall proportion of exports destined for the EU for 2001 was 30% (not including fruit in transit). But industry's figures for Week 4 of 2002 show that 56% of exports were heading for the EU. Even if a quarter of these are in transit, this represents a significant increase into the EU itself.

Although the official price paid to producers remains at \$2.90/per 43 pound box, a cold spell meant that production was down and, in March, exporters were paying prices between \$3.40 and \$4.70.

Sources: *El Comercio*, 16/02; *El Universo*, 22/02 and 25/03; Ministry of Agriculture, Quito, Jan 02

ECUADOR TO ADDRESS OVERPRODUCTION?

Ecuador's new Banana Consultative Council, which brings together producers and exporters, is set to debate measures to avoid overproduction in the country. As well as the officially registered 150,000 hectares of bananas planted, it is estimated that there are another 40,000 which have been illegally planted in recent years. If the Council makes any progress on this issue, there could be significant repercussions on the world market since Ecuadorian overproduction has been identified by most analysts as the primary cause of weak world prices in the 1990s.

Meanwhile, CORPEI, the Export and Investment Promotion Corporation, is leading the elaboration of a national strategic plan to increase the competitiveness of the sector, which contributes 20% of all exports. The Deputy Minister of Agriculture, José Miguel Terán, identified the main issues to be tackled as: the need for a better way of fixing prices and calculating costs of production, avoiding bad quality exports and the lack of research. It is unclear, however, whether the CORPEI-led plan will accept the need to control overproduction.

Sources: *El Universo*, 15/01; *El Comercio*, Quito, 20/02.

HOW MANY BANANAS WILL A EURO BUY?



Credit: Robin Carter/Banana Link

On January 1st 2002, whilst M. Lionel Jospin was busy buying flowers with his first Euros, Herr Schroeder chose to spend his first Euros on bananas, that well-known symbol of freedom and democracy!

COSTA RICA CONDEMNED BY ILO

In September 2001, an ILO mission visited Costa Rica to investigate allegations of violations of basic labour rights by both public and private sector employers in the country. On 1st March, the report was published in the Costa Rican press. The ILO condemns the widespread violation of Conventions 87 and 98 on the right to organise unions and the right to collective bargaining; the fact that all but two strikes have been declared “unconstitutional” in the last 50 years; and the “slowness and inefficiency” of complaint procedures against unfair sackings and anti-union discrimination in the private sector. Much of the report’s criticism of what happens to unions in the private sector is based on evidence provided by banana workers’ unions.

Ironically, the ILO mission came at the invitation of the Labour Minister, Bernardo Benavides, who was convinced that the ILO would prove the unions wrong. The government was particularly annoyed that the public sector workers and banana workers’ unions had got together with US union confederation AFL-CIO and lodged a formal complaint about the lack of ‘freedom of association’ with the US government.

Source: La Nación, San José, 01/03.

ILO SETS UP WORLD COMMISSION

The ILO has set up an independent World Commission to study the social consequences of globalisation. The Commission is to be led by two Heads of State – the Presidents of Finland and Tanzania. It also includes trade union leaders from the US and Africa. The body will start meeting in late March and report before the end of 2003 on how globalisation can be made “more inclusive” and its benefits be better shared. Meanwhile, it will be studying “the perceptions of workers, enterprises and consumers” in order to “forge a broad consensus”. EU Trade Commissioner Pascal Lamy was amongst the first to welcome the creation of the Commission: “[It] will help us understand the complex interface between globalisation, trade liberalisation and social development, in particular the promotion of core labour standards”, said Lamy.

Sources: www.ilo.org and European Commission press release, 27/02.

ACP ZERO DUTY UNTIL AT LEAST 2008

EU Trade Commissioner, Pascal Lamy, confirmed late January that the decision reached at the WTO conference in Doha in favour of two new waivers for the ACP meant that zero import duties for all ACP exports, including bananas, would remain until at least 2008. Even though a new tariff only banana import regime will be implemented from 1st January 2006 at the latest, ACP exporters would continue to benefit from preferential treatment. What the value of their preference over other banana imports is, of course, still to be negotiated. This clarification came in response to a question from European Parliament member, Glenys Kinnock.

Source: ICTSD ‘Bridges’, Geneva, Jan 02

CARIBBEAN ATTACKS LATEST EU CHANGES

In a letter to the president of the European Commission, the Prime Minister of St Vincent, has protested that giving 11% of the ACP licences to non-traditional operators will lead to a “further loss of market share and increased pressure on prices”. Ralph Gonsalves wrote, on behalf of the Caribbean governments, that “we would be prepared to accept 6%”. The original EU proposal at the end of last year was to reduce from 17% to 6% the share of licences given to non-traditional operators, but protest by some EU member states and a legal challenge in the European Court of Justice by ‘non-traditional’ operators trading organic and fair trade bananas led to a compromise of 11%. “Caribbean producers are not arguing for a retention of preferences,” said a foreign ministry official, “The region is preparing to face the harsh reality of 2006. What we are worried is unfavourable developments, such as the EC is proposing.”

Sources: Financial Times, London, 19/02; Banana Link

PHILIPPINES THREATEN WTO ACTION v AUSTRALIA

Philippine Agriculture Minister, Leonardo Montemayor, has threatened to raise a dispute in the WTO over what the government sees as unfair Australian quarantine requirements for Philippine fruit exports (bananas, mango and pineapples). Australian

producers have successfully got their government to block entry of Philippine fruit on the grounds that they may bring in diseases that will affect home-grown fruit. The decision to go ahead with an action in the WTO will be taken after the publication of a study by the Australian government due for June.

As the date approaches the domestic lobbies in Australia are lining up to defend their industry. The Growers' Council (ABGC) has set up a "Banana Imports Fighting Fund". Meanwhile, the 5000 workers in North Queensland have set up their own Banana Workers' Protest Group. Spokeswoman, Val Currie, underlined the devastating impact Philippine imports would have and feared their communities would turn into "ghost towns".

Sources: Asia Intelligence Wire, 14/02; BusinessWorld, Manila, 12/03; and Sopisco Week 11.

CHINA: CHEAP IMPORT THREAT WITH WTO MEMBERSHIP

Now that China has been accepted as a member of the WTO, the tariff reductions to which it is committed could mean the domestic banana market is faced with competition from cheaper imports. China produces 10% of world banana volumes, but consumers may find imports from the Philippines or Latin America more attractive in price and quality. Much of Chinese production is low-yield and relatively high cost, so bananas could become one of the sources of conflict as China's agricultural sector and import policies are subjected to WTO disciplines. Banana farmers have already led protests last year against cheap foreign imports.

Source: Sopisco News, Panama City, Wk 2

COLOMBIA CALLS FOR QUOTA INCREASE

At a meeting of the WTO Dispute Settlement Body in Geneva, at which the EU reassured Latin American governments that there would be more of their bananas allowed into the EU than ever before in 2002, Colombia tabled a new request that, in the light of the expansion of the Union to include countries in Central and Eastern Europe, the EU should commit itself to increasing the quota for third country bananas.

Source: EFE, Madrid, 01/02

EU TO GET REVENGE FOR BANANA SANCTIONS

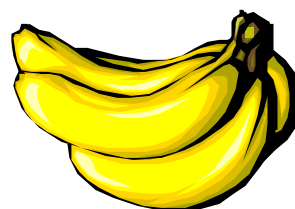
The EU will soon have the authority to impose the heaviest economic sanctions in history against the US after winning one of the oldest disputes in international trade law. In a fit of pique in 1997 over US tactics in the banana and beef hormone disputes, Sir Leon Brittan, then EU Trade Commissioner, initiated a dispute against the US Foreign Sales Corporation (FSC) Act. This law allows companies to shelter from tax on part of their foreign income. The WTO ruled that it allows a prohibited export subsidy to US corporations. So Washington repealed the FSC Act and replaced it with the Extraterritorial Income Act. Now that too has been ruled incompatible by the WTO Appellate Body. The EU claims the benefits to US companies are about \$4 billion a year and has threatened sanctions to that value by April unless the US ends the subsidy.

Source: Financial Times, London 15/01

BELGIAN SOCIAL LABEL LAW PASSED

On 31st January, the Belgian federal parliament passed a law instituting the world's first government-backed voluntary social label. The label, which can apply to any domestically produced or imported product, will be available to products whose conditions of production respect eight core ILO labour standards. Approval will only be given once the product's social claims have been verified by an accredited labour inspection body. When the government notified the WTO of the law, there were initial objections from Egypt and South Asian members that the label constituted a 'technical barrier to trade', but Belgian trade law experts do not believe that a voluntary label can be shown to violate WTO rules. The label itself will be designed by school children over the next few months.

Source: Belgian Ministry of Social Affairs, Health and Environment, Brussels.



FLO LAUNCHES COMMON FAIRTRADE LABEL

The Fairtrade Labelling Organisations International (FLO) has produced a new label which will eventually replace the seven different labels being used currently in the 17 countries where FLO certified products are sold. The common label will be introduced over the next year on the products certified by FLO which include bananas, coffee, cocoa, tea, sugar, fruit juice and mangoes.

Source: FLO, Bonn, 05/03.

COLOMBIAN PRODUCERS INVEST IN DEVELOPMENT

As Colombian producers prepare for 15% higher exports in 2002, they continue to invest in social and environmental measures. The Banatura programme being implemented by Augura (the national producers' association) is being extended from the 21 pilot plantations in Urabá to the rest of the region. They are also investing in a project to improve the road system and planning a major social housing programme. The programme would extend credit for low-cost housing in rural Urabá where over 50,000 people depend for their livelihood on the banana industry.

Source: *El Tiempo*, 15/01 and www.augura.com.co

DOMINICAN REPUBLIC: LEADS ORGANIC WORLD

According to the Ministry of Agriculture in the Dominican Republic, organic banana exports to Europe and North America increased by more than 38,000 tonnes last year, topping the 100,000 tonne mark for the first time. This means that the country remains far and away the biggest exporter of organic bananas, with over half of world supply. A spokesman at the Ministry observed that the country did not expect to be negatively affected by the new EU regime from 2006, nor did they envisage major disease problems.

The annual growth rate of organic banana sales in the EU was estimated to be 80% over the last 2 years, with the UK replacing Germany as the biggest consumer. The FAO estimates that by the end of 2003, organic bananas could represent 3% of total trade.

Source: FAO 12/01; *Sopisco News*, Panama City, Wk 5

WINDWARDS: FIRST ORGANIC EXPORTS

Three of the Windward Islands are scheduled to export their first certified organic bananas to the UK market by the middle of 2002. Land has been registered by the UK-based Soil Association in Dominica, St Vincent and St Lucia. As the land is clear of any chemical residues, only a one-year conversion period is required. The website states: *"The aim is that once this initial programme has proved to be commercially successful, a significant percentage of Windward banana production will convert to organic."*

Source: www.windwards-bananas.co.uk

HONDURAS: DIVERSIFICATION TO BE ENCOURAGED

In a new year speech Honduran Trade Minister, Oscar Kafati, advocated the diversification of agricultural production away from bananas, especially in highly productive soils like the Sula Valley. Kafati also said *"the battle goes on to ensure Honduran bananas get a fair price and fair conditions of access to the EU"*, but he was concerned about the prospects under the system to be implemented after 2005. *"The 'tariff only' system is not clear"*, declared the Minister, *"as nobody knows what level of tariff will be applied. If it is more than € 250 per ton, Honduras will not be able to compete"*. He mentioned the potential for melon, mango, grapefruit and watermelon as alternatives to earn foreign exchange.

Source: *Sopisco News*, Panama City, Wk 2.

SURINAME: STRIKE BRINGS FYFFES THREAT

On 15th January, nearly 2500 full-time and part-time workers at the two large plantations which comprise this former Dutch colony's banana industry went on strike. Their action was designed to press the government for a \$6 million loan to Surland so that the state-owned banana company could pay workers' wages and cover other basic production costs. The Jarikaba Workers' Union had already organised a two-day strike in December when the company failed to pay end-of-year bonuses and had to be bailed out by a cash advance from Fyffes, the sole exporter. Fyffes again were called on by Surland and the

government to intervene, but by the time their executive Coen Bos arrived, two harvests had been lost and he was issuing dire warnings: "the future of the industry here is very dark". After the union allegedly turned down a conditional government offer to make a loan to Surland for part of the cash required, Fyffes said that they would have to sign long-term contracts with more reliable suppliers. But the union was waiting for the government to confirm that a \$500,000 short-term loan was indeed available and finally agreed to go back to work on 29th January.

Sources: *Associated Press*, 15/01; *DWT News*, Paramaribo, 22-29/01

PANAMA: UNIONS HOLD GOVERNMENT TO PROMISES

The trade union at the Bocas Fruit Company (BFC), affiliate of Chiquita Brands, will call a strike if the Panamanian government reneges on its promises to invest in infra-structure projects in the Bocas del Toro province. Domingo Morales of the SITRAIBANA union said that 3400 workers would strike unless the building of two bridges and a drinking-water plant were speeded up. President Mireya Moscoso also promised road improvements and the construction of two classrooms for a university-level study centre on her visit to the region last August. SITRAIBANA would also be seeking the support of other unions at nationally owned plantations in the province.

Source: *La Prensa*, Panama City, 29/01

PHILIPPINES: UNIONS CRITICISE INDUSTRY

Labour unions in the Philippines island of Mindanao have criticised banana companies for failing to pass on any of their windfall gains made over the last 3 or 4 years when the country was in an economic crisis. Exporters benefited from the big falls in the value of the Philippine peso against the US dollar, but insisted that wage increases were impossible. Indeed, the Growers' and Exporters' Association, PBGEA, claimed that banana companies are more generous to their workers than other industries. There are over 60,000 direct workers in the industry, on 30,000 hectares of export plantations, with an equal number of people employed in related jobs. The three leading companies are

Lapanday Foods (*see previous Bulletins*), Stanfilco (a Dole subsidiary) and Tadeco.

Source: *BusinessWorld*, Manila, 27/02

FAO MEETING: "A TOUCH OF DULLNESS"

The second Inter-Governmental Group meeting on Bananas and Tropical Fruits organised by FAO, unlike the first, was notable for its dullness, according to one participant.

A previous meeting in Jamaica in 1994 had come close to stand-up fights between representatives over the issue of the EU regime, but now the 'war' was – at least temporarily over – all was rather quiet in comparison. The liveliest discussions were on the Sanitary and Phytosanitary Measures Agreement in the WTO and the fast-expanding organic market. The Costa Rican Agriculture Minister tried to liven up the debate with an attack on Ecuador over its failure to take social and environmental issues seriously and for leading an all-out race to compete, but delegates' minds were more focused on the growing power of supermarkets in the supply chain. FAO itself came in for criticism for basing its studies on partial or incorrect data; but delegates seem to forget that it is their own governments who provide the information in the first place!

Source: *FruiTrop* magazine, Paris, 12/01

DOMINICA / ST VINCENT: GROWERS' ASSOCIATIONS REPLACED

On 27th December, the Dominican parliament passed an act to remove the government's monopoly on the management of the island's most important industry. The Dominica Banana Marketing Corporation will be replaced by a new marketing company to be owned and controlled by farmers. Plans are already well advanced for the new structure, due to be in place by April. Banana industry officials are particularly keen to ensure that there are safeguards in place to prevent the fragmentation of the privatised industry into lots of competing companies, as happened in neighbouring St Lucia. The most difficult issue, though, will be how to deal with a US \$11 million debt inherited from DBMC.

In St Vincent, where the Banana Growers' Association is also struggling with a US\$11

million debt, government has also acted to restructure the industry to meet the challenge of lower and lower trade preferences for exports to the EU. On 1st January a new Banana Action Committee replaced the Growers' Association, with substantial representation from farmers themselves. To deal with the high level of debt, Prime Minister Ralph Gonsalves called on farmers to pay what they owed to the old Association. He also told farmers they would have to more organised in order to survive 2006.

Sources: Caribbean Media Corporation, Bridgetown/BBC Monitoring, 19 and 29/12

LIBYA-CARIBBEAN: "WE HAVE NO BANANAS!"

The Windward Island governments caused a stir last year when they announced that Libya had offered to buy their bananas at above world market prices. However, the deal, which included substantial aid for the heavily indebted Eastern Caribbean, now seems to have taken a back seat. Although the Libyans have since contributed some aid and debt relief to the islands, the banana deal is off. Since the events of September 11th the Windward governments are worried that Libya's reputation will get them into trouble with their main trading partners in the UK and USA. Banana industry officials also pointed out that they did not have not enough bananas to supply their traditional UK market.

Source: Financial Times, London, 05/03

LIBYANS BUY SOMALI BANANAS

Libyan importers, who have been seeking regular supplies of African bananas for sometime, have made a pilot shipment from Somalia. This deal follows talks in Mogadishu between Libyan companies and Somali government officials and exporters. The fruit will be harvested in the Lower Shabelle district of Southern Somalia and shipped from the port of Marka.

Source: Ayaamaha website, Mogadishu/BBC Monitoring, 05/02

ARGENTINA REJECTS NOBOA FRUIT

In January a shipment of 5000 boxes of bananas from Frutera Jambeli, owned by the giant Noboa Group, were rejected by

Argentinian import authorities. The fruit was found to contain the destructive *Aspidiotus* bacteria. Although this was not the first time the bacteria had been found in shipments of Ecuadorian bananas - and is known by the sanitary inspection services to be a problem in banana production - Noboa manager, Xavier Monge, denied that the bacteria existed in Ecuador. However, Ecuadorian authorities are taking it seriously and are putting in place laboratories in the two major ports to make sure future problems are detected.

Source: El Universo, Guayaquil, 22/02

PHILIPPINE FARMERS GET BETTER CHIPS DEAL

A farmers' group in Davao del Norte in the Southern Philippines has signed a deal with Philexson International Inc., a local banana chip manufacturer. The agreement to sell 95 tons of fresh bananas for processing into chips will mean the farmers receive better prices than they do through the intermediaries to whom they currently sell. The minimum price is fixed at P3.50/kg (7 US cents), but the actual price paid will be renegotiated every quarter. The Banana Council will also get P0.25 for every kilo sold to the company for training and technical support to its farmer members. Philexson exports to Northern markets and is currently looking to add value in the Philippines by coating chips with chocolate or converting them into breakfast cereals. At present such activities are all done by importers in Japan, North America and Europe.

Source: Asia Intelligence Wire, 11/02

DIRECT MARKETING SHOWS PROMISE IN WESTERN INDIA

Both farmers and consumers in the world's biggest banana producing country have started benefiting from a direct fruit marketing initiative. The Maharashtra State Agriculture Marketing Board started the experiment to bring farmers' produce directly to special outlets in Pune and Mumbai, cutting out the middlemen. The project went so well with oranges that they are extending it to include bananas, mangoes, pomegranates and grapes. The produce could be also be sold at all sorts of outlets like consumer cooperatives, cooperative banks and big housing societies. Promoters at the Marketing Board have also

called on farmers to offer vegetables to sell in the same way. The beauty of this direct marketing initiative is that farmers get substantially more for their produce and consumers pay less. In the case of oranges, they sold at 30% less to the consumer and gave the farmer more than double the usual price.

Source: *The Times of India*, 05/01.

INDIAN SCIENTISTS HERALD BANANA VACCINES...



Credit: Robin Carter/Banana Link

“A banana vaccine that would protect against polio, measles, malaria and hepatitis could be reality in just two years, and certainly within the next decade,” said P.M.Bhargava, director of the Indian government’s Centre for Cellular and Molecular Biology in Hyderabad. *“All that would be needed is 40 acres of genetically engineered bananas to cater for 120 million children, making it a much cheaper technology than current vaccines.”* Scientists are realising that even if only 1000 of the 40,000 plant varieties listed in natural and tribal medicine systems have potential to be turned into commercial drugs, there is huge potential.

Source: *The Times of India*, 25/01

.... AND WILD BANANA CONTRACEPTIVE

A specialist in Ayurvedic medicine, Professor Mahesh Sharma, may have found a natural syrup solution to family planning. He has tested this ‘contraceptive syrup’ on mice and is about to test a different dosage on men. He uses a juice squeezed from the fruit and roots

of a banana variety found growing wild in Rajasthan state. Now that the trials on mice have been successful, patenting the medicine and starting its commercial production is next on his agenda. However, he may run into trouble from the local ‘inventors’: he learned about this banana’s contraceptive powers from tribal elders on a visit to talk about family planning.

Source: *Sopisco News*, Panama City, Wk 2

CANCER AND CHICKENPOX IN SOUTH INDIA

Farmers in Andhra Pradesh have reported outbreaks of both ‘chicken pox’ and ‘cancer’ in areas cropped intensively with bananas. Thousands of acres will probably have to be destroyed, they fear. Farmers said that the cancer makes the leaves dry up, whilst the chicken pox makes the fruit shorter than they should be. They complained that agriculture officials had not come to help them destroy the diseased crops.

Source: *Hyderabad Recorder Report*, 12/01

Companies

CHIQUITA: UP FOR GRABS?

Chiquita’s emergence from bankruptcy proceedings in early March is once again fuelling speculation about the company being bought. There were rumours at the end of last year that Fyffes was interested in purchasing Chiquita, but then everything went quiet. However, following an announcement that restructuring plans had been approved by a US judge, the rumours flourished again. Chiquita has got agreement from its creditors that they will receive 95.5% of the company in exchange for cancelling \$700 million of publicly held debts. Fyffes, which is known to have substantial cash reserves and to be keen to make a large acquisition in the industry, was rumoured to be having “secret funding talks” with its bankers. The company chairman was quoted as being keen to become the world’s biggest banana trader. At the same time, an investment banking group called the Latin American Finance Group was said to have offered \$800 million for Chiquita. Bids from traditional rivals, Fyffes or Dole, would however probably trigger competition investigations in the European Union.

Sources: *Sopisco News and Irish Times*, 12/01; *Sunday Business Post*, Dublin, 03/03; *Financial Times*, 11/03.

DEL MONTE, DOLE & FYFFES: 2001 PROFITS UP

Most of the big banana companies returned to reasonable profits in 2001, quoting higher banana prices and stability in the EU banana market as reasons for better results. Net income for Del Monte was \$96.2 million up from \$33.1 million in 2000 on total fresh produce sales of \$1.93 billion; Dole's net income went up from \$67.7 million to \$150.4 million on sales of \$4.5 billion; whilst Fyffes operating profit jumped from Euros 9.35 million to 58.3 million in 2001 on sales of Euros 1.96 billion.

Sources: *Business Wire, New York, 12/02 and 31/01; Financial Times, London, 28/02.*

CHIQUITA STILL LOSING MONEY

Despite higher banana prices on both sides of the Atlantic in 2001, Chiquita still made a net loss of \$119 million. Amongst what the financial report calls 'unusual items' was a \$28 million loss in the Panamanian Armuelles Division, where a strike and the closure of several farms affected results. The net loss the previous year was \$95 million.

Source: *PR Newswire, New York, 11/02.*

FORMER NOBOA & DOLE CHIEF ON CHIQUITA BOARD

One of five new Chiquita board members announced in January is Robert W. Fisher, who is described as a 'private investor'. He also has an impressive track-record in the industry: before joining Chiquita he was Chief Operating Officer for the Ecuadorian Noboa Group as well as being President and Director of Geest Banana Company; before that he spent 25 years at Dole Food, the last four as President.

Source: *PR Newswire, New York, 17/01*

WAL-MART HITS NO.1 AS KMART GOES UNDER

KMart, the third biggest retailer in the USA, went bankrupt in January, leaving in its wake 2100 stores and 250,000 employees. Losses had been accumulating for some time, but the end finally came when one of its biggest suppliers suspended deliveries because of non-payment of its debts. Meanwhile, the USA's biggest retailer Wal-Mart announced record sales of nearly \$220 billion and net income of \$6.67 billion. This makes Wal-Mart the biggest single company in the world, overtaking Exxon-Mobil. The retail giant, which owns over 3000 stores in the US and over 1000 in Latin America, Asia and Europe, now turns over as much as the whole Austrian economy. Wal-Mart has played a significant role in pushing down wages and increasing the hours worked across the US economy. Decades of efforts by unions to organise in the company have ended in frustration. Recent studies show that weekly pay for supermarket workers in the US is about 33% of their counterparts in the car industry.

Sources: *EFE, Madrid, 22/01; Financial Times, London, 19/02; The Independent, London, 06/03*

COSTATRADING: IN TERMINAL DEBT?

One of the company's which pioneered Ecuadorian banana sales to the booming markets of Eastern Europe and the Southern 'cone' of South America has had a case to declare it bankrupt lodged in the Ecuadorian courts. CostaTrading owed the Banco del Progreso, which brought the case, over \$1 million. The company is owned and run by former Trade Minister, Juan José Pons.

Source: *El Universo, Guayaquil, 22/02*

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WAL-MART: THREAT OF BANANA PRICE WAR IN UK



Credit: Robin Carter/Banana Link

Wal-Mart's British supermarket chain Asda looks set to trigger a price war on one of the retail industry's most profitable lines. From May 1st, Chiquita and Fyffes bananas are reported to be out of Asda/Wal-Mart's stores countrywide - to be replaced by Del Monte. Del Monte have secured an exclusive contract with Wal-Mart by offering the supermarket bananas at a price some industry insiders describe as "ridiculously low". Wal-Mart bought into the UK market in 1999 with the intention of out-competing the British retailers' by slashing their margins. Back in 1996, Asda triggered the last banana price war which saw some supermarkets selling bananas at less than they paid for them. The rest of the industry now fears a new price war may break from May 1st.

Source: Banana Link, March 02.

DOLE RESORTS TO CARTOON MONKEYS

Cartoon monkeys are chasing Dole bananas to collect rewards in a new Sega computer game designed for the Nintendo GameCube. The game was released in the U.S. at the end

of 2001. Players in Super Monkey Ball "direct monkeys that inhabit transparent balls to collect Dole bananas while navigating through diverse environments". After collecting 100 Dole bananas, the player gets another life. "Playing this game will remind children that bananas are a fun food, not just one that is good for you," according to the press release. Unfortunately, it will not inform children of the conditions in which Dole bananas are produced.

Source: EUCOFEL Bulletin, Brussels, Jan 02.

Publications/Events

SEMINAR ON BELGIAN SOCIAL LABEL

In mid-May, the Belgian government is organising a technical seminar to discuss the practical implementation of its newly approved social label (see *Issues section of this Bulletin*). The precise date has yet to be fixed, but the seminar will address the rules for accrediting auditors and will explain the procedures for request and granting the label. It is open to businesses, trade unions, NGOs and auditors. The seminar is organised by the Ministry for Social Economy and Social Integration.

Contact Anne Peeters or Gaetan Pintelon for further information on amppeeters@hotmail.com or gpintelon@skynet.be

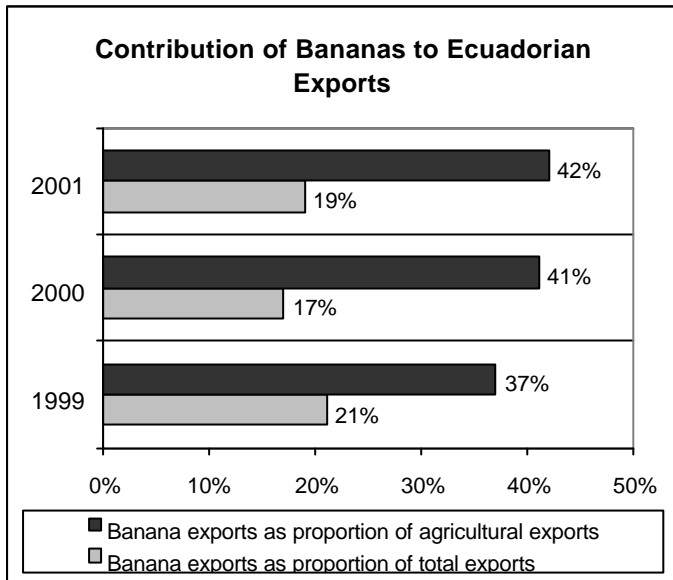
CHILDREN TACKLE TOUGH DECISIONS

The Worldwide Fund for Nature (WWF) ran an internet debate for British primary schools from March 4-15. The 'Our World' debate focused on fair trade and used a simulation game to teach some hard lessons. Using bananas as a starting point helped children explore how consumer choices in the UK impact on people and environments around the world. Built around a role-play, pupils took on the roles of small banana producers faced with a dilemma of unfair competition with large companies. Newsflashes throughout the debate changed the perspectives and challenged pupils to explore making decisions with human and environmental impact.

Source: Education Guardian, London, 01/03.

ECUADOR'S BANANA ECONOMY 2001

Source: SICA, Ministry of Agriculture, Quito www.sica.gov.ec



Analisis de Coyuntura Bananera 2000-2001 is a concise report that presents the basic trends of the world's largest banana export economy. 2001 total exports fell by 5% from the previous year: from 4.22 million tones to 3.99 million. However, dollar receipts rose from \$803 million to \$860 million. The banana contribution to agricultural GDP was 42%, whilst the contribution to Ecuador's overall GDP was 5%. The report also reveals government estimates that there are thousands of hectares of unregistered banana lands in the country. On the EU regime the report concludes that the transitional arrangements should favour Ecuadorian exporters, but that the government must remain vigilant over the level of tariff from 2006 to ensure that it is not too restrictive.

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