

## **Guatemala: dawn of a new banana age?**

**Could it be that, as we approach the end of seven thousand years of the now-famous Mayan calendar, a new age of dialogue and good industrial relations could be under construction in an industry and a country plagued by decades of conflict and violence?**

**The Guatemalan banana industry, born in the early years of the 20<sup>th</sup> century to supply the markets of the cities of the South and East Coast of the United States, entered the 21<sup>st</sup> century in a phase of rapid expansion. Since 2007, the country has overtaken Central and South American exporters to become the USA's single largest source of bananas. Every third banana consumed in the US is Guatemalan. Today, more than three quarters of fruit exported are from the Pacific South of the country, the remainder from the Caribbean coastal plain of Izabál. The rich volcanic soils that stretch from Escuintla and Westward towards the Mexican border are currently some of the most productive banana lands in the world.**

**In this analysis of the potential to establish real social dialogue in an industry dogged by its past and by deep-rooted prejudices, it is necessary to make a short diversion into history in order to understand better why such a dialogue is so important and opportune.**

### **A little (painful) history**

The country is one of the 'banana republics' where the giant United Fruit company owned huge tracts of land and called the political tune. Its first plantations established a hundred years ago – on lands that have had the longest continuous banana-growing of any in the world - were based in Bananera, next to the town of Morales in Izabál in the fertile valley of the Motagua river. In the 1930s, United Fruit plantations around the town of Tiquisate in the Pacific South became a second pole of banana production for export.

Trade unions of banana plantation workers developed in both Tiquisate in 1944 (the Union of Tiquisate Agricultural Workers, SATT, became SETCAG) and in 1947 the United Fruit Company workers' union SETUFCO became the Izabál banana workers' union SITRABI : they were the first ever private sector unions in the country's history. The Tiquisate union, born in the wake of the demise of dictator Ubico, organised a 16-day strike in July 1944 in protest at frozen wages, but the interim Ponce government jailed the union leadership on the other side of the country. Unions also formed in the state-owned plantations that had grown up on land confiscated from German coffee planters after 1945, but they were effectively banned by the Arevalo government in 1947, which prohibited rural unions of less than 500 members. The United Fruit workers' union in the Pacific, which was not banned, started to send representatives to the Parliament of the new democratic government.

In 1947, Guatemala's first Labour Code saw the light of day, after the Arevalo government had enshrined the right to organise and collective bargaining in the new constitution two years earlier. These first social reforms included the organisation of the First Regional Economic Congress in Escuintla in May 1945, which aimed to design strategies to achieve “*harmony between labour and management*”, with representatives from both the foreign company and its workforce.

### **The first Pacific South era ends in major violence**

However, the major land reform that the government of Jacobo Arbenz was preparing to implement after he came to power in 1951 had alerted United Fruit to the real possibility of losing its dominance over the country's economy. When a severe storm wreaked havoc in the Pacific coast plantations in September 1951, the company laid off over 3700 workers without pay. Workers accused the company of using this as an excuse to break the union. The allegation gained more credence in February 1952 when the company laid off over 3000 workers in Izabál claiming the

plantations were ravaged by disease ; workers claimed that it was because the lands in question had been ear-marked for land reform because they had lain fallow.

This is not the place to recount the story of the coup, but what is certain is that United Fruit played a central role in destabilising the Arbenz government and in the US military intervention that brought down that government in 1954. In the department of Escuintla alone, where land had started to be redistributed, a plantation owned by United Fruit was the scene of some 1000 killings of campesinos and banana workers over a 5 month period. People were taken from their homes on the grounds that they were communist sympathisers and rounded up at Finca Jocotán and shot. In 1954, SITRABI's first General Secretary was also killed in events surrounding the coup against Arbenz.

This put an end to union organising in the Pacific and indeed to the industry itself in that region. Following an anti-trust ruling in the USA in 1958, the company's Pacific coastal plantations were sold off; United Fruit was also eventually forced to hand over a substantial part of its land in Izabál to its competitors (Del Monte and Standard Fruit/Dole). For four decades, the Guatemalan industry was to remain concentrated exclusively on the Caribbean ('Atlantic') coast.

### **SITRABI and Del Monte: a rocky road**

Although negotiations were never easy, the Izabál banana workers' union SITRABI has managed to maintain collective bargaining with Bandegua, Del Monte's Guatemalan subsidiary, through good times and bad. Collective contracts have been in place and, even if negotiations may often take several months, the process has never broken down. Workers have managed to secure many of the elements of what is now referred to in international circles as 'decent work'.

This is not to say that the company has never sought to undermine the existence of the independent workers' union. In the late 1980s and early 1990s, Del Monte sought to transfer the Costa Rican model of solidarismo to its Izabál operations. However, seeing that the attempt was not just to import the model of a savings and credit association and on-farm stores selling consumer goods, but also to replace the trade union's role in managing labour relations, the union managed to educate its members about the dangers inherent in the Costa Rican model, where the associations that were in place exceeded the role allotted to them in the national legislation and started to interfere in relations between workers and management. Solidarismo was therefore not able to displace the union and labour relations continue to be handled through the genuinely representative democratic structures built by SITRABI.

Two major shocks at the end of the 1990s nearly upset things for good: in 1998, Hurricane Mitch devastated a section of the plantations and the company decided not to replant them, leading to the laying off of around 1000 workers. Then, in October 1999, on the eve of the first strike organised by the union in many years, a very large group of armed men kidnapped the SITRABI executive committee and led the workers' leaders at gun-point to the local radio station to call off the strike planned for the next morning. The strike had been called as a last resort, because of the breakdown of dialogue over alleged violations of the collective contract. The death-threats issued to union leaders led to the fleeing into exile of five members of the executive committee. They and their families are still living in the United States.

### **Industrial relations improve... but violence escalates**

However, the arrival of new senior management allowed for the issues that had led to the strike call to be resolved and for a new relationship of trust and dialogue to be built between the two parties. A series of floods and other climatic events in the second half of the decade were successfully handled without loss of employment and changes in working practices successfully negotiated. The process of collectively bargaining was put firmly back on the rails.

By 2012, despite an unpromising backdrop of the basic hourly wage component of workers' salaries falling slightly below the government new legal minimum wage, the two parties managed to negotiate a new agreement in record time. The resulting wage settlement of a nearly 20% increase this year and clauses containing other benefits, including clauses of specific benefit to women workers<sup>1</sup>, were all negotiated in the space of just 16 days.



Meeting with Bandegua's Labour Relations Manager

Elvis Márquez, Bandegua's labour relations manager, told a meeting of visiting trade unionists at SITRABI's headquarters in August that the company now “enjoyed mature relations with the union, which took its commitments very seriously. Unions have an important role in securing greater equity”. Noé Ramírez, General Secretary of SITRABI, confirmed that relations were now firmly on a good footing: “If the company wants to propose a change in working practices, they don't impose it ; they call the union and we discuss the case”. “It used to be taboo for a company representative to set foot in the union's offices”, he added.

However, SITRABI has been devastated by a series of assassinations since Noé's brother was killed five years ago: since then nine members of SITRABI, all with responsibilities in the union, have been murdered in and around Bananera. None of the murders have been properly investigated by the authorities. On the day of the latest murder earlier this year, Noé was told that his personal bodyguard was being withdrawn. It took an international campaign to reinstate his personal security, but it is only from Monday to Friday! Although the current security situation is somewhat less tense and the number of death-threats has reduced, recent history demonstrates that everybody in the area has to remain on their guard.

### **The urgent need for a national industry dialogue**

Even if the multinationals and national producers present in Izabál have developed dialogue with the unions over the last decade and collective bargaining remains in place, the story has been very different in the Pacific South where at least 20,000 workers are employed by national producers. Worrying reports of very harsh conditions, non-payment of minimum wages, excessive hours and very poor education and healthcare facilities have consistently emerged over the last few years. The whole area appeared to be controlled by paramilitary groups who tracked any strangers very closely. This has led to justifiable claims that cheap bananas from the Pacific South could undermine the Izabál industry where almost all production is produced by unionised labour. Indeed, in neighbouring Honduras, the multinationals have used the Guatemalan South as an argument to try

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1 One week extra of maternity leave, and one hour extra during work-time for breast-feeding.

and convince local unions to abandon negotiations and social benefits acquired after years of painstaking social dialogue.

To make matters worse, attempts to organise workers in the South resulted in the killing in 2008 of a new union leader, sending a clear signal to those who might think of repeating such efforts. There are also reports from last year that another attempt to organise was broken up when the leaders were all fired.

Since 2010, one national company, however, has stood out in its genuine attempts to try and break what seems like a vicious historical circle. The Agroamerica group<sup>2</sup>, owned by the Bolaños family, has taken part in a series of sporadic meetings with the national trade union confederations over the last two years. In August 2011, SITRABI and the national confederations organised a Forum specifically designed to initiate dialogue over labour conditions the Pacific South. The Labour Ministry took part in two of these meetings, although it failed to play the kind of role needed to break the deadlock and fear amongst employers. So, following discussions in the margins of the World Banana Forum with Banana Link and Colsiba, the company extended an invitation to an international delegation of trade unionists from Europe and the Americas to visit their farms in both Izabál and the Pacific South.



“Which bananas would you eat? Non-union or union ?”



When we knew about the visit we felt very pleased because this is the kind of signal we need, coming from a sector where there has been a lot of mistrust. With the visit I took off a series of prejudices and ideas that I had formed in my head because of my ignorance. It's a great way of starting a process to build trust between entrepreneurs and trade unionists.

We want to form unions to build and regulate good relations. As 3F, we have a lot of positivism with this visit. We are breaking a number of records that showed us the contrary. I'm glad that you think that you don't mind if people get organize, if it is to improve the results of the company. It makes me very happy. The company wants the welfare of all workers, their families and their communities, so with this similar objectives, we can work very good with them. - *Luis Fuentes, Project Officer, 3F*

2 See [www.agroamerica.com](http://www.agroamerica.com)

## “The world has changed”

When the Bolaños family first acquired land in Izabál, they were told very clearly by a representative of one of the multinationals that they could not plant bananas there! This set the family on a road that has led them to become one of the two biggest national banana producers, with 20 plantations in the Pacific South, and 2 plantations in Izabál with a trade union<sup>3</sup> and collective bargaining in place. The company now sells to two of the multinationals, but has also secured direct contracts with two major US retailers.

Fernando Bolaños, who recently took over at the helm of the family business, wants to break the mould and help hasten the dawn of a new banana age amidst the violence of a Guatemala where not only are trade unionists targeted for assassinations, but where 28 businessmen were murdered in 2010<sup>4</sup>. “The world has changed”, said Bolaños “and my belief is that we need to train a new generation of young trade unionists who understand the nature of the business and can help us develop tolerance and mature relations in our industry”.

His openness with the visiting trade union delegation is of great significance and is a brave move in an industry where many national producers are still very far from being convinced that trade unions can be trusted not to have an agenda of destroying companies. Inevitably, history weighs extremely heavily in the Guatemalan banana industry, but Agroamerica is trying to show that decent human and industrial relations are not only possible, but desirable.



Fernando Bolaños in discussion with Colsiba Coordinator, Iris Munguía



The visit was very positive because we had the opportunity to walk inside the banana plantation, inside the packing plant to observe all the processes, and also we had a presentation where we got to know a lot about the banana business and exchanged ideas.

It was pretty good to know a lot more about the structure and projects of CSR of Agroamérica to support the communities. They were very open people because we got to go to the farms in the North and South which was very important to us. Other businesses instead of opening their doors to us, they close them.

*- Iris Munguía, Coordinator to COLSIBA*

The visit to a group of the company's plantations near Tiquisate revealed that at least in this company, workers earn well above the minimum wage and shared in some of the benefits of increased productivity with the company. Inspired by discussions in the World Banana Forum, the

<sup>3</sup> Sindicato de Trabajadores Bananeros de Panchoy (SITRABP)

<sup>4</sup> From a report by the UN Development Programme

company had also undertaken some serious research on how workers' incomes compare with the local costs of living. Work under way in the local communities also shows that the company takes its role as a corporate citizen in mainly very poor communities eminently seriously.

On the health and safety front, the company has a head start over many of its Latin American competitors too, as soil and climatic conditions allow production without nematicides and insecticides and with far less cycles of fungicide and herbicide application than elsewhere.

The day following the visit, both the IUF regional secretary and the international delegation were given encouraging signals by the Labour Minister and his Deputy Minister that the government could play a historic role in building on the rapprochement that is emerging between national producers like Agroamerica and the unions. “A major push to build social dialogue is necessary”, Labour Minister Carlos Contreras told IUF<sup>5</sup>.

Could it be that, at last, the mould could be broken, that the violence and fear could cease? That tolerance, dialogue and mature industrial relations may not remain the dream that they appeared to be until so recently? Is it too much to speculate that the much cited (and mis-cited) Mayan calendar is remarkably accurate in seeing 2012 as marking the end of one era and the beginning of a new one?



The visit was very interesting. This is how we can maintain a frank and sincere dialogue. We consider we have a good relationship of confidence and we can establish mutual benefits for both the company and the workers.

During the visit, we spoke of two interesting topics: 1) Provide training to workers and union leaders 2) Find a way to improve the economic conditions of the company with supermarkets and consumers. We believe that together we can solve the problems. We need to develop a work plan between the organizations present. Several of these points were discussed especially with actors and people with whom we can find a solution for the problems. - *Noé Ramírez, General Secretary, SITRABI*

*Alistair Smith, Banana Link  
August 2012*

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5 See [www.rel-uita.org](http://www.rel-uita.org)