



19th November 2020

Dear Sir or Madam,

### **Disturbing trends in purchase prices for bananas**

In recent weeks we have received reports that the international retail chain Aldi is aiming to reduce the purchase price of bananas by almost 9% from €12.41 to €11.33 for its global 2021 contract. This news has been preceded by years of fierce price wars over bananas across the entire food retail trade, especially in Northern Europe. The clear trend is ever decreasing purchase prices.

We have deep concerns about the consequences of this trend, which cannot of course just be laid at the door of Aldi, even if the company has become the unofficial banana price-setter for European and UK supermarket buyers.

In recent years, we have welcomed progress by supermarkets who have increasingly made commitments to and reported on the implementation of human rights due diligence obligations, and in some cases made significant progress in their public reporting. The example of banana prices shows that despite these commitments, human rights due diligence practices have apparently not yet been integrated into commercial buying practices.

Adequate human rights due diligence must also be reflected in reasonable purchase prices and contractual conditions in order to enable these basic rights to be realised. Especially with regard to living wages, there is a direct connection between low purchase prices and human and workers' rights violations. Lower purchase prices also stand in contradiction with the voluntary commitments by German, British and Dutch supermarkets to ensure the payment of living wages for all men and women employed in the chains that produce the food and other goods they sell to consumers.

The current situation has been denounced by the Latin American banana industry and points to the need for legally binding due diligence requirements to ensure purchasing practices are aligned with companies' obligation to respect human rights and the environment. However, in our view, the current situation also represents an opportunity for the retail sector. The industry can show that it has understood that human rights due diligence cannot go hand in hand with ever lower prices paid to producers. Reasonable purchase prices must cover production costs in order to contribute to avoiding human rights violations and negative environmental impacts.

The banana workers' association ASTAC in Ecuador, the world's biggest banana exporting country, told Oxfam:

*"Instead of further intensifying the exploitation of labour, supermarkets and especially*

*Aldi should implement a purchasing policy that guarantees a better price for those suppliers who promote labour rights and especially freedom of association and social dialogue with workers in order to improve working conditions on the plantations."*

Since the first international banana conference in 1998, the Latin American banana workers' union coordination, COLSIBA (Coordinadora Latinoamericana de Sindicatos Bananeros), has been warning of the consequences of the price war waged by the large retail companies. In a statement on the current price crisis, the organisation stated:

*"The retailers have not yet understood that their low prices continue to cause poverty. Their strategy of delegating responsibility to private certification bodies such as the Rainforest Alliance does not lead to an improvement in working conditions and the observance of workers' rights on the plantations where they shop, and only benefits the retailers themselves, as they hide behind the image of the label. They are not telling the truth to their customers".*

We would welcome your response to the concerns set out above and positions itself on these issues that reflect the trade-off between prices paid and human rights and environmental due diligence. Our view is that retailers have a responsibility to pay growers reasonable prices that permit human and workers' rights to be fully respected and environmental damage to be reduced.

Yours faithfully,

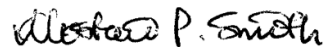


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