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MAJOR DEVELOPMENTS AND RECENT TRENDS IN INTERNATIONAL BANANA MARKETING STRUCTURES

Study prepared by the UNCTAD secretariat

GE.

NOTE

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This study was prepared, under the overall supervision of Olle Ostensson, by Pilar Fajarnes-Garces of the UNCTAD secretariat. Useful comments, suggestions and contributions were also received from Oliver Matringe and Olivier Combe (UNCTAD) and Paul Pilkauskas and Pascal Liu (FAO).

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INTRODUCTION

Bananas are a very important commodity for developing countries, playing a dual role in their economies, which complicates the analysis of the international marketing structures. They are at the same time a major staple food and a fundamental export commodity. Around one fifth of world production is exported from developing to developed countries, an example of unidirectional South – North trade. The duality is also present in the production system, where large-scale banana plantations, mainly oriented towards export markets, coexist with smallholder banana farms. Without neglecting the importance of bananas for food security, this document focuses on the international dimension of the banana sector.

Many elements make bananas a very sensitive commodity at the international level, not only on economic grounds but also because of environmental, social and political factors. In recent decades, the banana export sector has shown great dynamism and has undergone important structural changes, as a result of challenges such as the European Union (EU) Banana Regime and the resulting controversial World Trade Organization (WTO) dispute, as well as the evolving pattern of consumer preferences and food distribution channels.

This document analyses the evolution of the international banana market structure, with special emphasis on the evolving role of transnational banana marketing companies and the factors affecting international supply and demand for bananas during the 1990s. Whereas the international banana trade earlier had a supply or producer orientation, whereby banana multinationals defined the rules of the game, the market has lately become more demand driven. Banana consumers have become a key factor and concentration and consolidation of food retail chains have led to an increase in their participation in the banana market. These emerging trends may yield new opportunities for the small and medium-sized banana producers in developing countries. According to various analyses, these producers occupy a disadvantaged position in the banana supply chain. Banana terms of trade have continued to deteriorate and producers have not seen any improvement in their share of profits.

The present study is based to a great extent on data from, and work done by, the Food and Agriculture Organization's Intergovernmental Group on Bananas and Tropical Fruits.

Chapter I

OVERVIEW OF INTERNATIONAL BANANA TRADE

Bananas are the most important fruit in international trade. In terms of world export volume bananas rank first, while they rank second after citrus fruit in terms of value. Economic, social, environmental and political aspects are important for the international banana market. According to estimates by the Food and Agriculture Organization of the United Nations (FAO), world exports of bananas totalled 11.7 million tonnes in 2000. Bananas are also a very important staple commodity for many developing countries, hence their relevance for food security. Some of the main banana - producing countries, such as India and Brazil, are hardly involved in international trade. In fact, only about one fifth of world banana production is traded internationally.[1] Nevertheless, the share of internationally traded banana production increased slightly in recent decades (from around 18 per cent in the 1960s and 1970s to over 22 per cent in the 1990s). The international banana market is highly regionally segmented. Prices in the different consumer markets differ significantly.

The banana industry is a very important source of income, employment and export earnings for major banana-exporting countries, including mainly developing countries in Latin America and the Caribbean, but also in Asia and Africa. According to FAO,[2] "while world banana exports are valued a total of over US$5 billion per year, making them clearly a vital source of earnings to many countries, it is at the local and regional level where a strong bond is established between banana-generated income and household food security. Export volume or price changes bring about income changes for those directly employed in banana production, both as smallholder farmers and as wage earners on banana plantations. In addition, secondary and tertiary industries and their employees also feel the impacts of those changes".

International trade in bananas has shown great dynamism in recent decades. While total production[3] increased by a factor of 2.12 between 1970 and 2000, imports[4] of bananas grew by a factor of 2.3 during the same period. Growth in banana imports was high up until the beginning of the 1970s, when it stagnated until the mid-1980s. It then accelerated from the second part of that decade and during the 1990s.

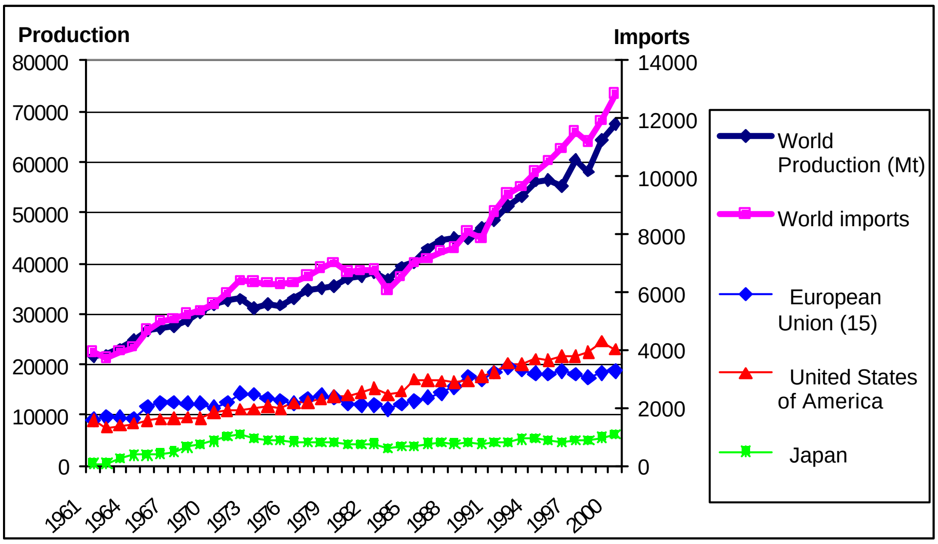
Table 1. Banana imports and production growth rates

	Average annual imports growth (%)	Average annual production growth (%)
1961–1970	4.11	4.46
1971–1980	1.87	1.57
1981–1990	3.05	2.46
1991–2000	4.94	3.80

Source: FAO

[1] At present, exported bananas are almost exclusively of the *Cavendish* variety.
[2] See FAO (1999a).
[3] According to Sharrock (1998), average yields of bananas and plantains rose by around 18 per cent, from 8.45 tonnes/ha in 1968 to 9.96 tonnes/ha in 1998. This increase in yields occurred primarily in Asia, while yields in Africa and Latin America and the Caribbean did not change significantly. Increases in production in the latter regions were mainly due to the expansion of cultivated area.
[4] Trends in world banana imports are widely considered to be a more accurate indicator of international trade than world banana exports.

Chart 1. Evolution of world production and international trade in bananas (1961–2000)



Source: FAO

Note: The left-hand axis refers to production, while the right-hand axis refers to imports (for the world, EU, Japan and the rest of the world).

Bananas are mainly produced in developing countries where the climatic conditions favour their growth. Around 98 per cent of world production is grown in developing countries. In 2000 a total of 123 countries produced bananas. However, production, as well as exports and imports of bananas, is highly concentrated in about 10 countries, which accounted for more than 73 per cent of total banana production in 2000. India, Ecuador, Brazil and China accounted for half of total banana production. This concentration of banana production has increased over time, although the regional distribution has changed. While the Latin American and Caribbean region dominated up until the 1980s, the Asian region took the lead in banana production during the 1990s. African production levels have remained relatively stable. Statistical annex 1 shows data on banana production by major producing countries. Developed countries are the usual destination for export bananas.

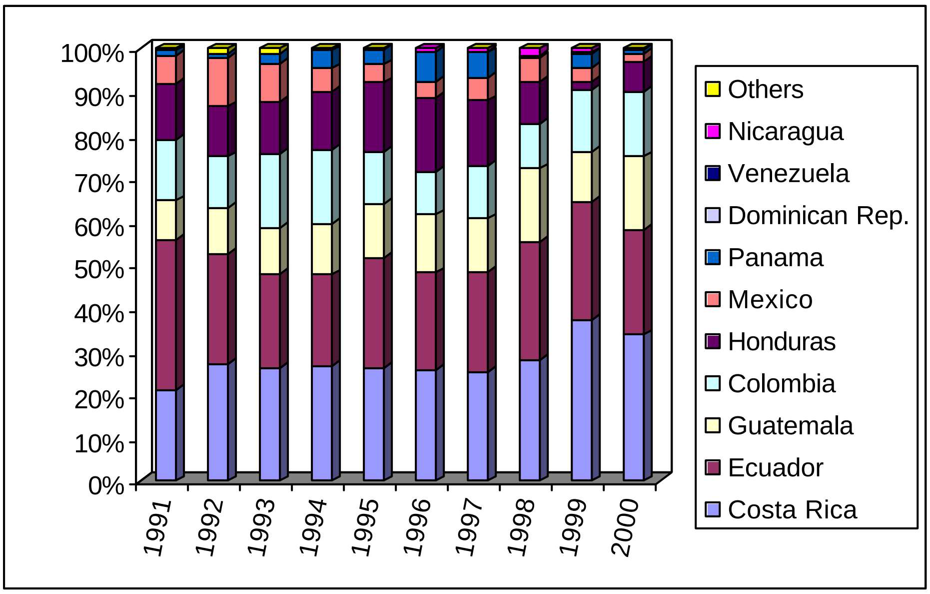
World exports of bananas also show a high level of concentration, with Latin America and the Caribbean alone supplying more than 80 per cent of total exports in 2000. The four leading banana-exporting countries in 2000 (Ecuador, Costa Rica, Philippines and Colombia) accounted for more than three quarters of world exports. Ecuador alone provided more than 33 per cent of global banana exports. Nevertheless, the share of Latin America and the Caribbean fell slightly during the 1990s, while the share of Asia increased. Statistical annex 2 shows the distribution of banana exports by major exporting areas. For the year 2000 it also shows the share of banana exports for every country in total world banana exports, as well as the proportion of banana production that is exported by each of the major exporting countries. From these figures it is possible to deduce that the banana sector shows a clear export orientation in most major banana-exporting countries. This is the case in particular for most Central American and Caribbean countries, Colombia and Côte d'Ivoire. However, the share of banana exports in production is lower in Ecuador and the Asian countries.

Analysis of export income dependence on bananas also provides interesting results. As indicated in statistical annex 3, which shows the share of the value of bananas exports in total agricultural exports and total merchandise exports, exports of bananas are a very important source of export income for many developing countries. For major exporting countries such as Ecuador and Costa Rica, exports of bananas represented 16.7 per cent and 23.1 per cent respectively of the total value of exports in 2000. The highest levels of dependence on banana exports is found in the Windward Islands countries – Saint Lucia, Saint Vincent and the Grenadines, Dominica and Grenada; in the case of Saint Lucia, dependence is estimated at about 49.6 per cent of exports earnings.

Bananas are imported mainly by the European Union, the United States of America and Japan, which together accounted for more than 65 per cent of total world imports in 2000, while the first 10 banana-importing countries accounted for more than 84 per cent of total imports (counting the EU as one country). Although the geographical concentration of imports remains high, analysis of import data shows a tendency towards diversification of destination markets for bananas, particularly during the 1990s. This is shown in chart 1 by the evolution of imports by the rest of the world, where emerging markets such as the Russian Federation, China and Eastern European countries show increasing importance in banana imports. The evolution of the geographical distribution of world banana imports is shown in statistical annex 4. Although all importing areas have increased their banana imports during in recent decades, it is possible to identify a certain stagnation in the volume of the European Union's imports during the 1990s.

Concerning the direction of trade in bananas, it is important to note that, because of the importance of the different banana import regimes in the consuming countries, world trade in bananas has a clear regional character. The import regimes have led to a differentiation among preferential markets and open markets for bananas, although this picture has been changing somewhat in the last decade. Transportation costs and time in banana distribution also play a role as regards the regional fragmentation of the market. North American banana imports come mainly from Central and South America on an open-market basis, that is with no tariff or quantitative restrictions.

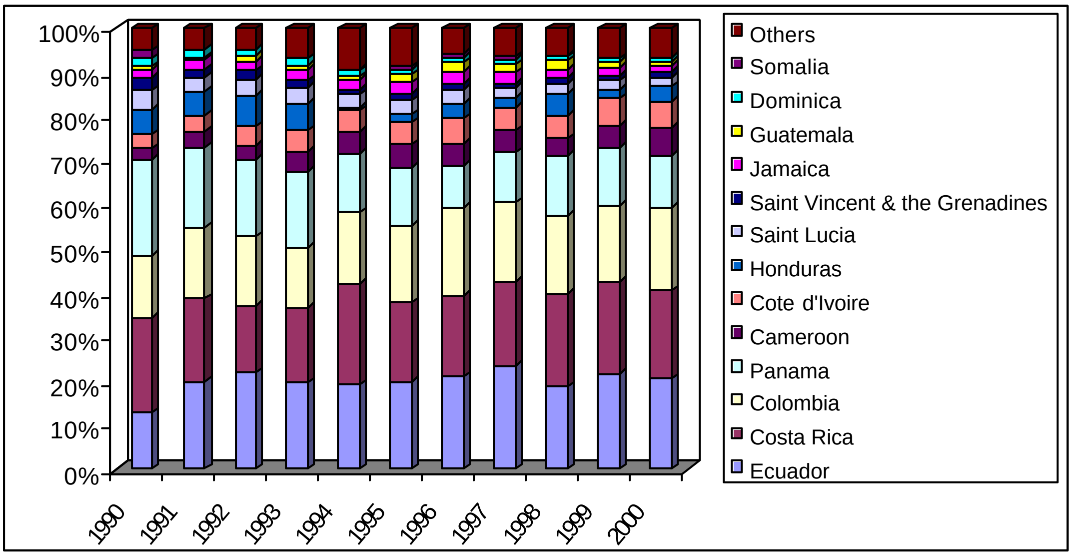
Chart 2. Geographical distribution of United States banana imports



Source: FAO.

Traditionally, bananas consumed in the EU have come from three different sources: first, national production from Spain (Canary Islands), France (Guadeloupe and Martinique), Greece and Portugal; second, ACP (African, Caribbean and Pacific) countries' exports, which have been granted preferential access to the European market under the Lomé Convention and later the Cotonou Agreement; and third, Central American and South American countries which supplied mainly free- (or open-) market countries such as Germany. However, during the 1990s the EU pattern of trade for bananas suffered from the uncertainties arising from the introduction of the EU Banana Regime and the modifications that resulted from the banana dispute in the WTO. This issue is considered in the section devoted to the EU Banana Regime in chapter IV.

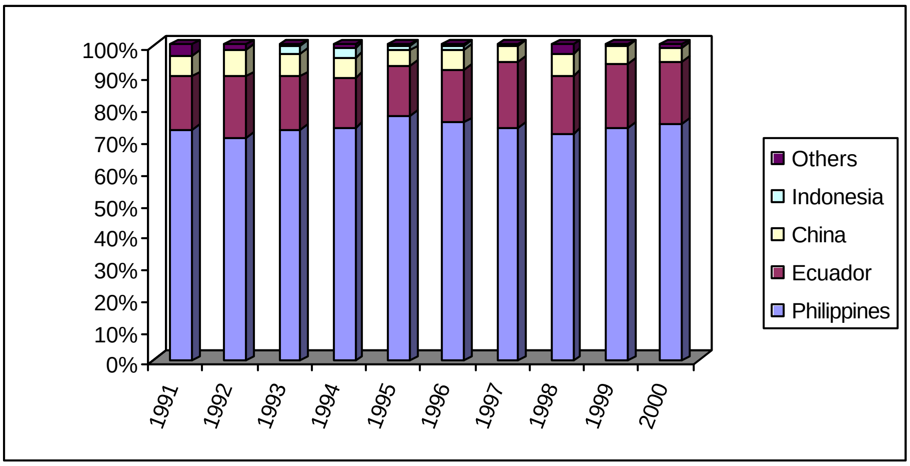
Chart 3. Geographical distribution of bananas imported in the European Union



Source: FAO.

The Philippines is the major supplier to Japan, which is the third largest importer of bananas. However, Ecuador has increased exports to this market in the last few years, as it is looking for alternative markets to the European Union in response to the uncertainties following the EU Banana Regime. Compared with other consuming regions, the Japanese market is quite concentrated, with Ecuador and the Philippines providing roughly 90 per cent of bananas.

Chart 4. Geographical distribution of Japanese banana imports



Source: FAO.

The situation of the international banana market in the late 1990s was defined by a structural oversupply of bananas, mainly due to the greater availability for export of bananas from Ecuador and some other exporting countries. However, the main cause of the oversupply may be found in the expectations that had been generated by the liberalization in the European Union market following the establishment of the EU Banana Import Regime (Common Organization for the Market in Bananas, CMO) in 1993 – expectations that were not fulfilled. In the late 1980s and at the beginning of the 1990s, banana-marketing companies followed a strategy of expanding capacities in order to maximize their market shares in the profitable EU market. During the 1990s the international banana market was influenced by the introduction of the EU Banana Regime and the subsequent dispute and agreement at the WTO, which resulted in uncertainties and have limited the range of actions open to the different banana market operators. In addition, demand from the emerging markets of Asia, particularly China, and the Russian Federation and Eastern Europe, which were considered to have great potential, was not realized owing to the economic situation in the Russian Federation and the financial crisis in Asia. These circumstances, together with the sluggish demand in saturated markets in the United States and the EU, meant that the expected levels of banana consumption were not reached. This resulted in lower banana prices and increasing competition among banana distribution companies in search of cost reductions.

According to FAO,[5] the international banana market is projected to balance by 2005 at about 13.7 million tonnes. This would be achieved by a decline in real prices as a result of a sharp decrease in import demand growth rates and the lag in production adjustment in the face of decreasing prices.

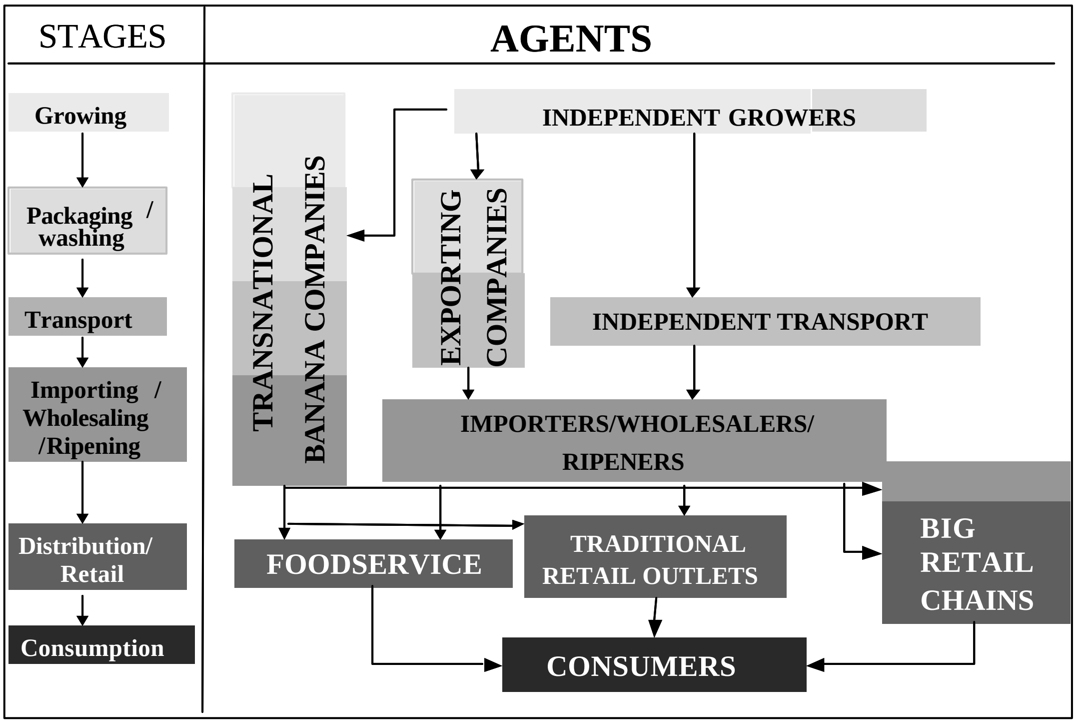
[5] FAO (1996). FAO is currently working on projections to 2010; see FAO (2001a).

Chapter II

BANANA MARKET STRUCTURE: THE ROLE OF TRANSNATIONAL BANANA-MARKETING CORPORATIONS

The international market structure for bananas is very heterogeneous. The presence of economic actors at various stages of the banana supply chain is also different from country to country and among regions. Export bananas may be grown by many small independent growers (most importantly in the Caribbean and Ecuador), national banana companies (mainly in Ecuador and Colombia) or large transnational companies[6] (the presence of multinationals is greater in Central America and increasing in Africa and Asia). At a later stage of the chain, after cleaning, packaging and quality control, bananas are transported by independent reefer[7] carriers or by ships owned by transnational banana companies. When they arrive in the importing country they may pass through importers or wholesalers,[8] and they need to ripen before they arrive at retail outlets. However, the most important feature of the international banana market is its oligopolistic nature. A few major transnational banana-marketing corporations dominate international banana marketing and trade, and are able to exercise their market power at several or all the stages of the banana marketing chain.[9] The structure of the international banana-marketing chain is shown in chart 5.

Chart 5. Structure of the international banana-marketing chain



[6] The substantial presence of US banana multinationals in Latin America gave rise to the term "dollar bananas" for bananas produced in this area.

[7] Reefers are the refrigerated vessels used to transport bananas at a controlled temperature.

[8] The presence of strong importing companies is substantial in Europe, for instance Atlanta Group in Germany.

[9] According to FAO (2001b). "Three multinational firms account for about 70 percent of the world import-export banana market and most national markets in the EC are dominated by a small number of firms/operators, including these three multinational firms. This suggests that the perfect competition assumption is questionable. However this does not imply automatically that the world banana import-export market is not perfectly competitive. For example, studies have shown that the German banana market cannot be characterized by the exercise of market power despite the low number of firms that compete in that market (the four-firm concentration ratio would be greater than 80 percent for Germany)".

A highly perishable product such as bananas requires careful control of the growing, packaging, transport, handling, ripening and distribution processes. This has favoured the evolution of a highly vertically integrated banana sector, where large transnational companies tend to exercise control from the growing of bananas in producing countries, through ownership of specialized refrigerated shipping and ripening facilities, to distribution networks in importing countries. The large investment of capital required in this export-oriented banana business enables these companies to profit from economies of scale. They are able to provide consistently large quantities of high-quality bananas at lower costs and from different geographical sources,[10] because of the technological advantages they enjoy in production, shipping and marketing. Therefore, they control the greater proportion of value added, which is normally concentrated in shipping and marketing activities. This is why, even if production and export of bananas are highly concentrated in developing countries, it is mainly developed countries that tend to capture the benefits of banana trade, through their large transnational banana-marketing companies.

The major transnational banana companies at present are Chiquita Brands International (previously United Fruit Company), Dole Food Company (previously Standard Fruit Company) and Fresh Del Monte Produce. Two other strong banana companies are Fyffes, the leading European fresh produce distributor, and Noboa Corporation (Bonita brand), the leading exporter in Ecuador. National companies such as Banacol and Uniban-Turbana in Colombia are also performing well in the international banana trade.

Tables 2 and 3 show some estimates of the evolution of banana market shares for transnational companies in world and European markets.

These figures show that the three leading banana corporations controlled 60–70 per cent of the global banana market during the 1990s. The five leading companies accounted for more than 80 per cent of the world market in 1999. Chiquita's banana market shares substantially decreased during the 1990s, mainly because of the introduction of the EU Banana Regime in 1993, while Dole has increased its market share, both in the world and in the EU. Dole has recently overtaken Chiquita and has become the premier banana company in the world. The loss of market share for Chiquita seems to be much more important in the European Union market, showing the adverse effect of the EU Banana Regime on the company.

Table 2. World market shares of banana companies (percentages)

	1966	1972	1980	1992	1995	1997	1999
Chiquita	34.0	30.5	28.7	34	>25	24-25	25
Dole	12.3	18.0	21.2	20	22-23	25-26	25
Del Monte	1.1	5.5	15.4	15	15-16	16	15
Top 3	**47.4**	**54.0**	**65.3**	**69**	**62-64**	**65-67**	**65**
Fyffes				2-3	7-8	6-7	7-8
Noboa					12	13	11

Sources: FAO (1986); Van de Kasteele (1998); Banana Link, 2002

During the 1990s, the banana market saw a process of intense and increasing competition among transnational corporations, which tried to maintain and improve their positions in the different importing countries (particularly in the EU) and increase their market shares. The challenges facing these corporations, such as the oversupply crisis and the resulting low prices, the evolution of the EU Banana Regime and the WTO dispute, or the increasing market power of retail chains and changing consumer preferences, have obliged them to reorient and reformulate their marketing strategies[11] in order to reduce costs, improve efficiency and rationalize their banana businesses. They are diversifying away from bananas into other fruits, diversifying production to other areas in Africa or Asia, moving to niche markets, such as organic bananas, or developing alliances with strategic European operators.

[10] Diversified sources of supply are useful for responding to supply disruptions in a certain area.

[11] For a review of the strategies followed by the different companies, see Van Kasteele (1998). See also Steeg (2001b), as well as the companies´ Annual Reports available at their websites.

The attitudes of the different corporations have differed. Chiquita has followed a more defensive or conservative market strategy by lobbying the United States Government in order to challenge the EU Banana Regime in the WTO. In addition, Chiquita has focused on the brand element. It could be argued that, unlike other transnational companies, it has not paid sufficient attention to new investment in strategic alliances with operators that have an influence in the EU market. The importance of brand names for consumers´ decisions is not clear in the banana market.[12] Nevertheless, Chiquita considers that consumers value their brand and its image of a quality product, and are ready to pay more for it.

Table 3. European Union market shares of banana companies

	1992	1994	1995	1997
Chiquita	>30	18.5	19	15–16
Dole	12	15	15–16	18–19
Del Monte	7–8	8	8	10–11
Fyffes	4–5	16.5	17–18	16–17

Sources: Van de Kasteele (1998); SELA (1998).

On the other hand, Dole, Fyffes and, to some extent, Del Monte have been more proactive or even aggressive in their market strategies. They started reducing their high dependence on bananas earlier than Chiquita and diversified more than Chiquita into other products, while moving to other producing areas in order to benefit from the EU Banana Regime and to secure access to import licences. Dole and Del Monte moved to ACP countries, while Fyffes tried to take positions in Latin American countries. Box 1 (in page 44) presents a more detailed description of the different reactions of banana corporations to the EU Banana Regime. Table 4 shows the levels of dependence on bananas for the major fruit traders in 1999. As an example of diversification away from bananas, for Del Monte the share of bananas in total sales went down from 56 per cent in 1998 to 46 per cent in 2001.

The combination of unfortunate market circumstances and inadequate market strategies placed Chiquita in a very difficult situation, resulting in continuous financial problems that obliged the company to file a Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code in November 2001.[13] The company emerged from Chapter 11 in March 2002, and plans to continue reducing debt and cutting costs.[14]

Table 4. Banana sales as percentage of total turnover

Company	1999
Chiquita	40
Dole	35
Del Monte	55
Fyffes	30

Source: Steeg (2001a).

Until the 1970s transnational banana corporations were present at every stage of the banana marketing chain, from growing to retailing. They owned plantations, transport infrastructures and ripening facilities. However, in the last 20 years there has been a move away by multinationals from direct growing in order to focus on more specific marketing and distribution activities. Multinationals now tend to establish long-term supply contracts with independent local banana growers, specifying shapes, quantities, standards of quality and packaging. In many cases multinationals also provide inputs in order to control the quality. According to the UNCTAD World Investment Report 2002: "In more traditional agricultural commodities (such as bananas and other tropical fruits), the role of TNCs continues to be important, although often through more specialized non-equity forms focused on

[12] Branding, mainly by Chiquita, appears to be successful in Northern Europe, and in Spain for Canary bananas.

[13] Chiquita also ran into financial problems by investing $1 billion in 14 refrigerated ships in expectation of the EC market opening in 1993, but this did not occur. See Plume (2002).

[14] Pursuing logistics cost reductions, in September 2002, the company sold five "director class" reefer ships to Star Reefers for $54 million, reducing its fleet to 11 ships, down from about 30 in the mid-1990s. See, Dupin (2002).

marketing and distribution… This is a departure from the historical role of TNCs in food value chains, where they used to own production facilities as well as transportation and distribution facilities".

By following this strategy of moving away from direct growing,[15] multinationals avoid production risks, such as those related to the occurrence of natural disasters, as well as environmental and social costs of production.[16] It is the local producer who has to face these costs and comply with environmental and social standards. At the same time, banana companies are still controlling the banana-marketing chain through their supply contracts. Since most of the value added in bananas comes from transport and distribution activities, multinationals retain a higher share of profits. Independent producers are usually organized into associations in order to negotiate their contracts with multinationals. However, there have been some attempts by independent producers to market their bananas internationally, with varying results. In some cases, such as Comunbana (a multinational banana marketing company launched by the Union of Banana Exporting Countries), the attempt failed because it lacked the large amount of capital required, as well as coordination among several producing countries. However, there have been some examples of success, such as Uniban. The retreat of multinationals may open up new opportunities for local growers in developing countries looking for more direct trading relations with Europe, for example.[17]

Traditionally, the international banana market has been producer-driven, with transnational banana-marketing companies playing a prominent role in setting the rules of the game. However, in recent decades this situation has changed. Banana companies are facing the challenge of the increasing importance of supermarkets and retail chains in the distribution of bananas in developed countries, mainly in the EU and United States. This trend is also increasing in Latin America and Asia. It may be said that the international banana market is going through a process that could be called reversal of the marketing chain. Increasing concentration and consolidation in retail chains have improved the position and power of these chains in the market and allowed them to move backwards in the marketing chain in order to better control it, determining conditions of production and distribution of bananas and benefiting from a higher share of the profits, without necessarily assuming direct ownership.

This downstream shift of power in the banana marketing chain, and for produce in general, is leading to increasing vertical coordination, mainly through supply chain management practices used by the retail chains.[18] Supermarkets tend to build long-term relationships with preferred suppliers in order to guarantee a continuous supply at the required levels of quality.[19] The aim is to streamline operations by eliminating non-value-adding transactions. According to Van de Kasteele (1998), "To conform with general developments in the food sector, Dole shifted its management attention from the supply to the market side of the business, paying much more attention to strengthening its distribution network and supply partnerships with the retail sector. Given the concentration in the US retail sector, Dole focuses on long-term partnerships built on a year-round supply and increasingly requiring logistical support". Another example of a banana company paying special attention to retail developments is that of Chiquita: 62 per cent of its North American sales go to the top 20 retailers, this figure being 32 per cent in Europe.[20]

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[15] According to Fyffes, "Non-ownership of farms and ships gives flexibility enabling banana business to be re-configured faster than larger competitors". See McCann (2002).
[16] See Chambron (1999).
[17] The retreat of transnational companies from production did open the market to some smaller grower groups from Ecuador. However, the recent EU/United States agreement on the WTO dispute puts the transnationals in control of 83 per cent of the EU market.
[18] This issue is developed in chapter IV of this study.
[19] Normally, banana retail contracts have a duration of one year.
[20] See Chiquita (2001a).

In addition, the increasing weight of consumer preferences in the market is determining the strategies of supermarkets. The market is now more demand-driven with a clear consumer orientation. Because of the growing awareness of consumers regarding environmental and social issues, banana companies are being forced to "clean up their acts" and change their behaviour through codes of conduct, standardization and campaigns.[21] However, the crisis in the banana industry and the lower prices have the most negative effects on the weaker parties in the banana supply chain, namely workers and smallholder growers, because the need to reduce costs has led to cuts in jobs, wages and benefits, and plantations have been closed. Transnational banana corporations tend to transfer back the difficulties they have to face in a context of increasing competition.

[21] For example, Chiquita signed agreement in 2001 with the IUF (International Union of Food Workers´Association and COLSIBA (Coordinadora Latinoamericana de Sindicatos Bananeros) on "Freedom of Association, Minimum Labour Standards and Employment in Latin American Banana Operations". In 2000, all Chiquita farms in Latin America were Better Banana Project-Rainforest Alliance certified on environmental and social standards.

Chapter III

BANANA SUPPLY STRUCTURE

Bananas are grown in tropical regions where the average temperature is 27° C and the yearly rainfall is 200–250 centimetres. They require moist soil with good drainage. In fact, most bananas exported are grown within 30 degrees latitude on either side of the equator. Banana growing is, in general, labour-intensive[22] because banana plants require intensive, individual care: clearing away jungle growth, propping to prevent the plant from bending under the weight of the growing fruit, and irrigation during the dry season. Two types of worker are required to harvest bananas: a "cutter" and a "backer". The cutter cuts down the plant with his machete while the backer waits for the cut stem to settle on a thick cushion on his shoulder. The cutter then chops the stem to enable the daughter plant to take over as the main stalk. The backer carries the fruit and attaches it to a nearby overhead cableway where the stem is transported to the packing shed. In the packing shed, the bananas are removed by hand by skilled workers.[23]

Bananas are available throughout the year and supply tends to adjust in the different areas without creating important imbalances. Banana corporations may source from diversified origins, and so if there are disruptions in one area they obtain bananas from other areas.

Among the factors that influence banana supply are weather conditions and the occurrence of hurricanes, availability of land for cultivation, yields, soil fertility, existence of diseases and pests such as Black Sigatoka, and social disturbances such as strikes. The availability of bananas in importing countries also depends on transportation and ripening capacities. Major advances in post-harvest handling technology have improved control over the cold chain, favouring long-distance shipping.

Bananas for export are mainly of the Cavendish variety. Up until to the 1960s the main variety was Gross Michel, but it was then replaced for the Cavendish one, which was more resistant to the Panama disease, although more susceptible to damage when handling. It was at this time that bananas began to be packed in boxes.

Banana production shows a clear dual nature, with smallholders producing alongside large plantations. The production systems are different, depending on the producing areas. Plantations are predominant in Latin America, and they require huge investments in infrastructure and technology for transport, irrigation, drainage and packing facilities, allowing economies of scale in banana production. These plantations may be up to 5,000 hectares in size and are usually controlled or operated by large transnational corporations.[24] Smallholder production is much less capital-intensive and more labour-intensive. This system is present mainly in the Caribbean because, owing to topographical factors, it is not possible to use the plantation system. Consequently, yields are lower and unit costs higher.

The main differences between banana growing in Caribbean countries and Latin American countries are presented in table 5.

[22] Although in the large plantation system capital and technology are more important.

[23] See International Banana Association (http://www.eatmorebananas.com).

[24] According to Banana Link, United States transnationals control directly or indirectly 60 per cent of Latin American banana exports.

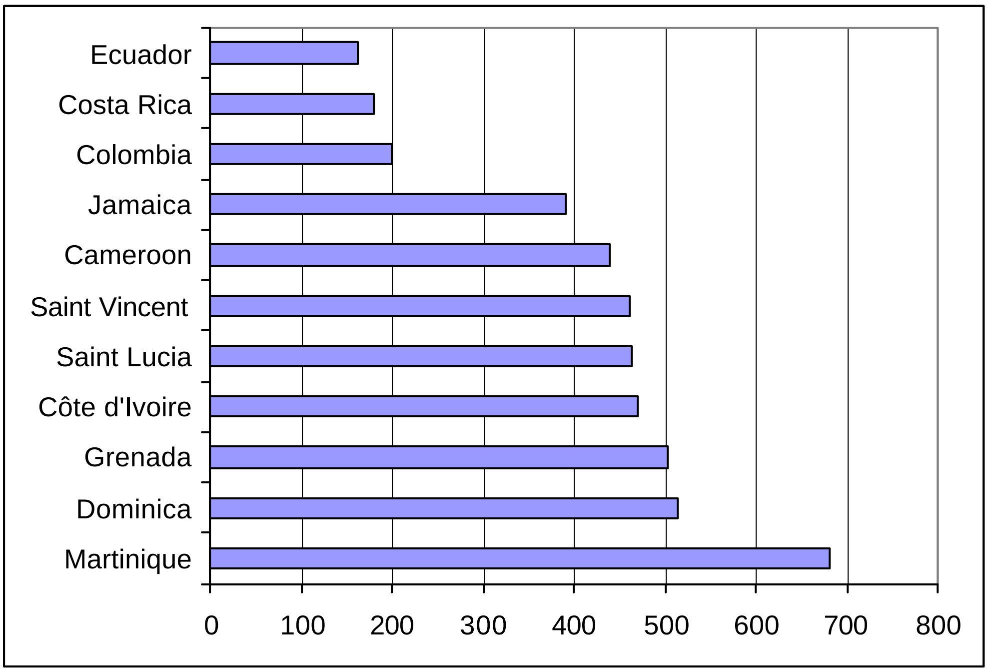
Table 5. Comparison of banana growing conditions

Caribbean countries	Latin American countries
Growing areas hilly or mountainous. Limited land availability	Large flat plains. Wide land availability
Poor soil conditions and low yields (not more than 10 tonnes/acre)	Rich soil and high yields (18–24 tonnes/acre)
Majority are independent, small farmers	Largely plantation agriculture, often owned by transnationals, and vertically integrated operations
Higher wages than in Latin America	Wage rates low, social conditions of workers poor
Unit cost of inputs much higher owing to smaller volumes and varying soil types	Lower unit cost of inputs owing to high volume. Lower FOB price owing to lower market wages, low social benefits and economies of scale
Shipping costs generally higher: smaller volumes, more port calls	Lower shipping costs owing to high volumes

Source: Caribbean Banana Exporters Association.

Chart 6 shows a comparison of banana production costs for different exporting countries.

Chart 6. Banana production costs (US$ per ton), 1997



Source: Chambron (2000).

There are important environmental and social factors to consider in the production of bananas. In order to achieve higher productivity levels, intensive banana production in large-scale plantations needs large quantities of external inputs such as pesticides, fungicides and other agrochemicals to fight diseases and pests and maintain or increase the fertility of the land, with consequent damaging effects on the environment.[25] These banana production practices may lead to deforestation, pollution

[25] On this issue see, for instance, Astorga (1998).

of rivers and groundwater, biodiversity damage and soil deterioration, as well as important health hazards for banana workers. In addition, in certain countries working conditions in banana plantations may be difficult. Wages for banana workers are very low as are the earnings of smallholder banana farmers. In some cases the rights to unionize and collective bargaining are limited.[26]

Owing to the differences between production systems in the producing areas, it may be worth analysing the production structures in the main banana exporting regions, paying special attention to the world's major exporter, Ecuador, as well as to the countries with the highest banana export dependence, namely the Caribbean countries, and particularly the Windward Islands countries.

A. SOUTH AMERICA

Banana production in South America is mainly concentrated in Ecuador and Colombia. In 2000, these two countries ranked first and fourth among world banana-exporting countries, accounting for 33.7 per cent and 13 per cent of global banana exports respectively. The presence of transnationals in these countries is much lower than in Central America and many small banana farmers grow bananas alongside the large banana plantations. In both countries there are examples of national banana companies that have been relatively successful in international markets.

Ecuador is the world's leading banana exporter and the second banana producer. The banana industry is of the utmost importance in this country. Ecuador's share of international banana trade increased considerably during the 1990s. A significant proportion of the oversupply situation in the world banana economy is due to the increased availability of exports from Ecuador, mostly owing to the increase in cultivated areas. Between 1990 and 2000 exports of bananas increased by 80 per cent. Bananas are, together with oil, the major export product in Ecuador. Ecuador has diversified destination markets, mainly as a result of the EU Banana Regime, which restricted access to the European market. According to SICA (Agricultural Information System, Ministry of Agriculture and Livestock, Ecuador),[27] in 2001, 22 per cent of Ecuador's banana exports went to the United States, 20 per cent to the European Union, 16 per cent to the Russian Federation, 3 per cent to China and 10 per cent to the southern Latin American countries. Japan accounted for 5 per cent according to FAO data. In 2001, banana exports contributed 5 per cent of total GDP and 44 per cent of agricultural GDP. The 2001 EU–Ecuador Agreement on the WTO dispute offers good possibilities for Ecuadorian bananas with the introduction of the tariff-only system in 2006.[28]

In 2000 Ecuador exported 3.9 million tonnes of bananas. This export activity earned it more than US$ 900 million. Banana production, largely limited to the coastal plain of the country, covered 143, 961 hectares in 2000. This represents a steady growth since 1991, when the figure stood at 99,118 hectares. The number of producers rose from 4,113 in 1994 to 5,983 in 2000. According to SICA, 80 per cent of banana producers owned plantations of less than 30 hectares. It is estimated that in 2000 approximately 1.1 million people benefited directly or indirectly from the export of bananas from Ecuador, out of a population of some 12.5 million.[29]

Ecuador has national banana companies of great importance at the international level, such as Noboa Corporation (Bonita brand) and Reybanpac (Favorita brand). The Ecuadorian banana sector is characterized by the fact that production is in the hands of many small and medium-sized independent

[26] On social issues, a human rights group has published a controversial report in which five companies operating in Ecuador are accused of selling bananas from suppliers who employ children and routinely ignore worker health and safety considerations; see Human Rights Watch (2002). As a result, with the coordination of CORPEI, the Ecuadorian banana industry, representatives of the public sector, national institutions and international cooperation organisations have developed a pilot project for the eradication of child labour.
[27] See SICA Project/MAG (2002, 1999).
[28] On this issue, see the section devoted to EU Banana Regime.
[29] See FAO (2001c).

farmers. The presence of transnational companies as direct banana producers is marginal in Ecuador owing to restrictions on land ownership. However, exports are concentrated in a few companies, including Noboa (38 per cent), Dole (18 per cent), Favorita (16 per cent), Palmar (8 per cent) and Del Monte (8 per cent), which control nearly 90 per cent of exports.[30] These companies determine the prices paid to producers and their vertically integrated supply chain allows them to control many farm management decisions, such as the inputs used or disease control. Transnational corporations tend to use Ecuador as a buffer, sourcing bananas from Ecuador when there is a shortage from other sources. As a result, the independence of smallholders is limited since they are in the hands of exporters through practices such as contract farming.

In order to protect the interests of banana producers, the Government establishes an official minimum price to be paid by exporters, although it seems that exporters are not complying.[31] The policy of establishing a minimum referential price for bananas started in 1980 as an attempt to regulate banana production activity. The minimum price is defined by the Reformed Banana Law No. 99-48, which reformed the Law to Stimulate and Control the Production and Marketing of Bananas: "The Executive Branch, through an Inter-Ministerial Agreement signed by the Ministers of Agriculture and Livestock, and of Foreign Trade, Industrialization, Fishing and Tourism, shall set periodically, in U.S. dollars, the minimum fair pre-shipment price that banana growers should obligatorily receive from any natural or legal person that markets bananas by any trading act or contract permitted by Law for the different authorized types of boxes of bananas and other plantains for export, and to set minimum FOB reference prices to be declared by the exporter. To this end, the Ministry of Agriculture and Livestock shall organize bargaining tables every three months, in which representatives of the growers and the exporters shall take part with the Ministers of State, to reach a consensus on those prices. If minimum prices cannot be agreed upon, the two Ministers, within a seven-day period, shall proceed to set those prices on the basis of the average cost of national production. The minimum fair price is equivalent to the average cost of national production plus a reasonable profit for each one of the different types of authorized boxes containing bananas for export. The prices shall be set in U.S. dollars, to be paid in sucres at the exchange rate established by the Central Bank of Ecuador for the date payment is made to the grower". On 1 October 2002, the price for the most representative banana box was agreed at US$ 3 for the last quarter of the year, after a proposal by the Consultative Banana Council (*Consejo Consultivo del Banano*). However, given the low prices in the international banana market and exporters, failure to pay the minimum price, some producers suggested ceasing exports for a period in order to improve prices. The Government is committed to enforcing the law by suspending the exporting licences for companies not paying the minimum price.

The Ecuador banana sector has some competitive advantages, such as the favourable climate that allows uninterrupted supplies, the existence of adequate packaging capacities and shipping systems, and the low labour costs. However, the industry is facing many challenges, such as selling in low-price markets where volumes are low and cyclical fluctuations high (Eastern European, Asian or other Latin American countries), the geographical situation and the need to pass through the Panama Canal to go to Europe, the limited advances in developing higher-value-added products, the low productivity compared with other Latin American countries and environmental performance.[32] One of the most important challenges for the Ecuadorian banana industry at present is respect for human rights. The Ecuadorian Government is seeking to increase the competitiveness of banana producers in the international market. With this objective, CORPEI, the Export and Investment Promotion Corporation of Ecuador, has prepared a competitiveness study on the banana sector, which will be the basis for the

[30] Hellin and Higman (2002).
[31] For more details on the banana situation in Ecuador see Espinel (2001). See also, Universidad de Especialidades Espíritu Santo (2001). In addition, the study by UNEP (2002) reveals the positive and negative effects of distinct policies of foreign trade, structural adjustment measures and national and international regulations on the sustainable development of the banana sector.
[32] See UNCTAD(2001).

elaboration of a strategic plan for the banana sector.[33] This study confirms that Ecuador has lower production costs than Costa Rica, but also lower yields. The competition with African and Central American bananas in respect of transport costs is compensated for by lower production costs.

In Colombia, the banana export sector is relatively less important than in Ecuador. In 2000, banana exports represented 16.5 per cent of agricultural exports and 3.7 per cent of total exports, compared with 61.1 per cent and 16.7 per cent respectively for Ecuador. According to Augura (Colombian Banana Growers Association[34]), bananas are grown on 40,000 hectares in Colombia, 10,000 of which are located in the Magdalena zone and 30,000 in the Antioquian Urabá region. The banana industry generates 22,000 jobs directly in the country, of which 16,000 are in Urabá, and about 65,000 jobs indirectly. Banana exports represent around 30 per cent of Colombian agro-exports, competing with flowers for the second place after coffee. Bananas are exported through commercial companies established under Colombian legislation. Of seven companies, Uniban, Banacol, Sunisa and Bagatela are owned by Colombian stockholders. Banadex is owned by Chiquita Brands, 60 per cent of Conserba is owned by Del Monte and Proban is owned by Dole Foods. One of the reasons for the reduced presence of transnationals in banana production in this country may be related to the social unrest, particularly since this affects mainly the banana-producing areas. However, the structure of national banana production in Colombia has grown over many years, with an important proportion based on cooperatives.

B. CARIBBEAN

Although the share of Caribbean banana exports in global banana exports is low (2.41 per cent in 2000), bananas are one of the most important commodities for the Caribbean countries, particularly for the Windward Islands countries (Dominica, Grenada, Saint Lucia and Saint Vincent and the Grenadines). These countries can be characterized as single-commodity-exporting countries (see statistical annex 3). Their economies depend on the evolution of banana production and exports, particularly in Saint Lucia, where exports of bananas accounted for 83.2 per cent of agricultural exports and 49.6 per cent of total exports in 2000.[35] In 1998, bananas represented around 40 per cent of total exports in the Windward Islands, while over 30 per cent of the total workforce was employed in the banana sector and almost 40 per cent of the population depended on banana production and exports.[36]

In these countries, bananas are grown on small family farms on hilly slopes. The farms usually have low yields and high costs. Bananas are the only year-round crop that can provide a regular weekly income to small farmers and that is able to recover quickly from the frequent natural disasters occurring in the area. However, as already mentioned, production costs are higher than in Latin American countries, while the bananas are considered to be of lower quality. Therefore, these countries are placed at a competitive disadvantage against “dollar” bananas.

Because of historical circumstances, the European Union market, particularly the United Kingdom, is of special importance for the banana exports of these small island economies.[37] Caribbean bananas enjoyed preferential treatment in the United Kingdom market up to 1993, when that treatment was included in the EU Banana Import Regime. However, in the last few years, the Caribbean countries have been affected by the WTO dispute on the EU regime. The agreement resolving that dispute will

[33] See CORPEI (2002 a, 2002 b). The competitive position of Ecuadorian bananas is also explored in Rosero (2001).
[34] See Augura: http://www.augura.com.co.
[35] For a case study of Saint Lucia on the relationship between banana exports, income and employment, see FAO (1999 a).
[36] See Liddell, I., Unpeeling the Banana Trade, Fairtrade Foundation, London, 2000
[37] See Godfrey, G., A Future for Caribbean Bananas. The Importance of Europe´s Banana Market to the Caribbean, *Oxfam GB Policy Paper*, March 1998.

result in an erosion of the level of preferences in 2006[38] and may cause important disruptions to the economies of these countries and difficulties in the adjustment of growers to the new situation. Caribbean bananas have also been affected by lower international banana prices and higher quality requirements.[39] As a result of these challenges, a large proportion of banana farmers left the industry during the 1990s, since they were unable to maintain profit margins. Banana export volumes from the Windward Islands countries in the late 1990s were considerably lower than those of the early 1990s.
In order to face these threats, the banana sector is undergoing a process of modernization and restructuration aimed at making it able to compete in the international market.[40] Caribbean countries are also trying to diversify into organic and fair-trade bananas[41] and are moving into alternative activities such as tourism. However, owing to the special land and climate characteristics of these countries, horizontal diversification is difficult and there are few viable alternatives to banana cultivation. The future of the banana industry in the Caribbean will depend on its capacity to increase production yields, reduce production costs and move into niche markets, such as organic and fair-trade bananas.

The main operators in the Windward Islands banana industry are the national Banana Grower Associations (BGAs), established by Acts of Parliament, although at present most BGAs are in the process of being privatized. These BGAs earlier had the exclusive rights to buy export bananas. The Windward Island Banana Development and Exporting Corporation (WIBDECO) is in charge of the marketing and port handling of exported bananas. In 1995, Geest Bananas Industries Ltd., which in the past was the exclusive exporter of Windward Island bananas in partnership with the BGAs, was acquired by a new marketing joint venture established between WIBDECO and Fyffes, on a 50-50 basis, to allow the changes and restructuring needed to adapt the banana industry to the increasingly competitive international context. The shareholders of WIBDECO are the Governments of the four Windward Islands countries and the BGAs: Dominica Banana Marketing Corporation (DBMC), Saint Lucia Banana Corporation (SLBC), Saint Vincent Banana Growers' Association (SVBGA) and Grenada Banana Co-operative Society (GBCS).

The management of the Windward Islands banana industry by WIBDECO also implies that: "WIBDECO provides technical and agronomic support to farmers and assists them to achieve the levels of quality control needed to become Certified Growers. A Certified Grower Programme has been developed to increase the volume of quality bananas grown on the islands and to ensure that this top quality fruit can be identified on a farm-by-farm basis. This has become increasingly important as retailers seek identified sources for their fruit at grower level to allow any problems to be quickly identified and corrected. This is helping to make Windward fruit a firm favourite with major UK customers".[42]

C. CENTRAL AMERICA

As a region, Central American countries are in a leading position as world producers and exporters of bananas, although the region's share in banana trade fell during the 1990s. Central American bananas have the United States and the European Union as major destinations. Banana production costs are

[38] The impact of the loss of preferences for Caribbean bananas is analysed in ILO (1999).

[39] In fact, Grenada almost stopped exporting bananas in the late 1990s, being unable to meet quality requirements. In addition, according to the Saint Lucia Ministry of Agriculture: "it has been estimated that in Saint Lucia, between 1992 and 1997, 49 per cent of farmers left the banana industry". See Saint Lucia Ministry of Agriculture (2002). The Government of Saint Lucia has decided to implement a Banana Emergency Recovery Programme in order to stop the decline in the banana industry.

[40] See Ahmed, B., The Impact of Globalization on the Caribbean Sugar and Banana Industries, *The Society for Caribbean Studies Annual Conference Papers*, Vol. 2, 2001 and ECLAC, Industrialization, New Technologies and Competitiveness in the Caribbean, LC/CAR/G.614, Port of Spain, 12 June 2000.

[41] The opportunities offered for fair-trade bananas from the Windward Islands, particularly in the United Kingdom, are explored in Liddell (2000).

[42] See Windward Bananas: http://www.windwards-bananas.co.uk/.

higher than in Ecuador but lower than in Caribbean countries, and bananas are produced relatively efficiently, with high yields and adequate levels of quality. In these countries the banana sector has a clear export orientation, representing an important proportion of export income. Economic development has been linked for many years to increasing production of commodities such as sugar, banana and coffee. However, as statistical annex 3 shows, the proportion of banana exports from major Central American exporting countries, except Guatemala, in agricultural exports and total merchandise exports declined during the 1990s. This may be explained by the efforts to diversify exports in the region, together with the uncertain situation of international banana trade in this period. According to ECLAC,[43] land used for banana cultivation increased from 74,700 hectares in 1985 to 110,600 in 1998, with most of the increase occurring in Costa Rica, which accounts for around half of banana-growing land in the region. In Costa Rica and Panama, banana exports account for more than one fifth of agricultural GDP. However, Central American economies were still considerably affected by the crisis in the banana industry in the late 1990s. Many independent producers have had to go out of business and transnational companies are closing plantations down and reducing contracts, because of lower profitability levels (for instance, Chiquita announced at the end of 2002 the closing of the company operations on the Pacific side of Panama owing to losses resulting from strikes, unfavourable climate and high production costs). In addition, as a result of Hurricane Mitch in 1998, banana cultivation almost ceased in Honduras, while banana production areas were severely damaged in Guatemala and Nicaragua, needing some time to recover before they could produce again.

The main characteristic of banana production and exports in Central America is the predominance of United States transnational banana corporations operating in the sector. They control directly or indirectly more than 60 per cent of banana exports in the region. Although there are many independent producers (accounting for more than half of banana exports in Costa Rica), they sell most of their bananas to the transnationals to be internationally marketed. For instance, according to the Chiquita Corporate Responsibility Report 2001, Chiquita exports represent 30 per cent of banana exports in Costa Rica, 45 per cent in Guatemala, 46 per cent in Honduras, 89 per cent in Panama and 100 per cent in Nicaragua.

Banana growing in Central America is carried out mostly through the large plantation system. The most representative country in the region is Costa Rica, which was the second banana-exporting country in the world in 2000, accounting for 16.1 per cent of world banana exports. According to the National Banana Corporation (Corbana), bananas represented the second source of export income for the economy of Costa Rica, more than US$ million 600 in 1999. In addition, the banana activity generates around 40,000 employment opportunities directly and 100,000 indirectly. It is the main source of employment for 93 per cent of the economically active population in the province of Limon, generating basic revenues for more than 50,000 people.[44] In August 2002, following the difficult situation in the banana sector and after many years of demands for support, the Government of Costa Rica established a guarantee fund, issuing bonds for an amount of up to $75 million, for the purpose of preventing bankruptcies of independent growers by restructuring their debts. In order to finance the fund, the banana export tax was to increase from US$ 0.08 to US$ 0.11 per box. In addition, the government, in consultation with national banana producers, establishes an official minimum price. This price was set at US$ 5.60 per box for the first half of 2003. Transnational companies objected because they had already signed contracts with producers and had not been consulted about the process. These companies announced that they would have to adjust the quantities bought, since the minimum price would be higher than prices of bananas obtained from other countries. On the promotion side, the representatives of banana producers (Corbana, Cámara Nacional de Bananeros and Cámara Nacional de Productores Independientes de Banano) are working on an image campaign for the purpose of differentiating Costa Rican bananas from others, on the basis of social and

[43] For an in-depth analysis of trends and prospects for these export sectors in Central America, see ECLAC (2000 b).
[44] For a case study of Costa Rica on the relationship between banana exports, income and employment, see FAO (1999 a).

environmental conditions and quality. In this context, Corbana launched the "Best Bananas" campaign, whereby Costa Rica is described on the label as the source of the "world´s best banana".

D. AFRICA

Africa is not a major banana-exporting region. Most of the bananas produced in Africa are consumed locally. In only two African countries are bananas mostly grown for exports – Côte d´Ivoire and Cameroon – which together accounted for 3.62 per cent of world exports in 2000. In both countries export bananas are grown mainly through the plantation system. Banana exports are directed almost exclusively to the European Union, especially to France.

In Cameroon, the banana industry has experienced a virtual rebirth since the late 1980s, coinciding with the beginning of the partnership between the Cameroon Development Corporation (CDC) and Del Monte on the western, coastal estates and the privatiszation of the Organisation Camerounaise de la Banane (OCB) in the inland Moungo region. The prosperity of the banana sector is seen by many to be important to the stability of Cameroon. The banana plantations stand astride the former West (British) and East (French) Cameroons, with the CDC estates in the English-speaking zone and the predominantly Compagnie Fruitiere estates in the French-speaking zone. The revitalization of Cameroon's banana industry was the result of a surge of investment from the late 1980s by the French-based Compagnie Fruitière operating the Moungo estates, the US-based Del Monte in partnership with CDC at Tiko and, later, Agrisol, a European company operating the CDC banana plantation at Ekona. It was the result of the recovery of demand for bananas in Europe and the repositioning by international fruit companies in anticipation of the single European market in 1993, with US-based companies (Del Monte and Dole) investing in Cameroon and Côte d´Ivoire, as well as in European companies. The change in the banana regime in 1993 with the creation of the single European market allowed greater movement of bananas among EU countries, and improved access for non-ACP bananas. But the import licensing arrangements ("partnership scheme") gave European companies a share of the licences for non-ACP imports, thereby creating an incentive for mergers between European companies and US-based multinationals. For instance, Dole bought a majority share in Compagnie Fruitiere. Among ACP banana-exporting countries, Cameroon and Côte d´Ivoire were considered to have the best prospects for rapid expansion of production, owing to the quality of their growing conditions and the low cost of labour.[45]

In Côte d´Ivoire, bananas owe their relative success to OCAB – Office de Commercialisation de l'Ananas et de la Banane – a powerful body which manages production, exports and relations with EU/ACP markets. Large growers, controlling 95 per cent of total output, manage banana production. These are mainly family-controlled businesses with activities in many French-speaking African countries. The most important group is SCB, Société de Commercialisation de la Banane-Compagnie Fruitière (Dole has a controlling interest in it), controlling 56 per cent of banana exports. Chiquita also markets 27 per cent of banana exports through Banador.

Ghana started to export bananas recently, mainly through the Volta River Estates plantation.[46] It is the only exporting banana plantation in the country and is strongly supported by the Government. This plantation is involved in fair-trade and environmentally friendly practices. Somalia was a major banana exporter until the beginning of the 1990s. However, after the conflict, banana production almost ceased.

E. ASIA

Asia is a leading banana-producing region. It is not, however, an important exporting region, since it only represented 15.25 per cent of world banana exports in 2000. The bulk of Asian exports come

[45] See Hubbard (2000).
[46] See Blowfield and Gallet (1998).

from one country, the Philippines, which was the third world exporter in 2000, accounting for 13.67 per cent of global exports. The major destination for Philippine bananas is Japan. As already mentioned, Philippine bananas account for more than 70 per cent of banana consumption in Japan. Export bananas are mostly grown on plantations controlled by US transnationals, such as Dole through Stanfilco, and by local landowners, such as Lapanday and Marsman-Drysdale, through the Philippine Banana Growers and Exporters Association.

In 1988, the Philippine Congress passed the Comprehensive Agrarian Reform Law (CARL). This law provided an opportunity for plantation workers to own plantation lands leased to or owned by transnationals and large landowners-growers. However, large landlords and owners of commercial farms requested a deferment on the distribution of their farms for 10 years in order to recoup their investments. Companies were obliged to pay their workers production and profit shares on top of wages and benefits. During this period, the Department of Agrarian Reform should take the necessary steps to acquire the lands with fair compensation and prepare agrarian reform beneficiaries for their eventual takeover and management of the lands. Through this process workers would become owners of land, but large companies would continue marketing their bananas and would therefore control banana production.[47]

[47] For further information on land reform in the Philippines, see Department of Agrarian Reform, http://www.dar.gov.ph; and Philippine Peasant Institute, http://www.ppi.org.ph/publications/land_tenure/rds/rds_banana.htm. See also Borras and Quiamba (1999, 2001).

Chapter IV

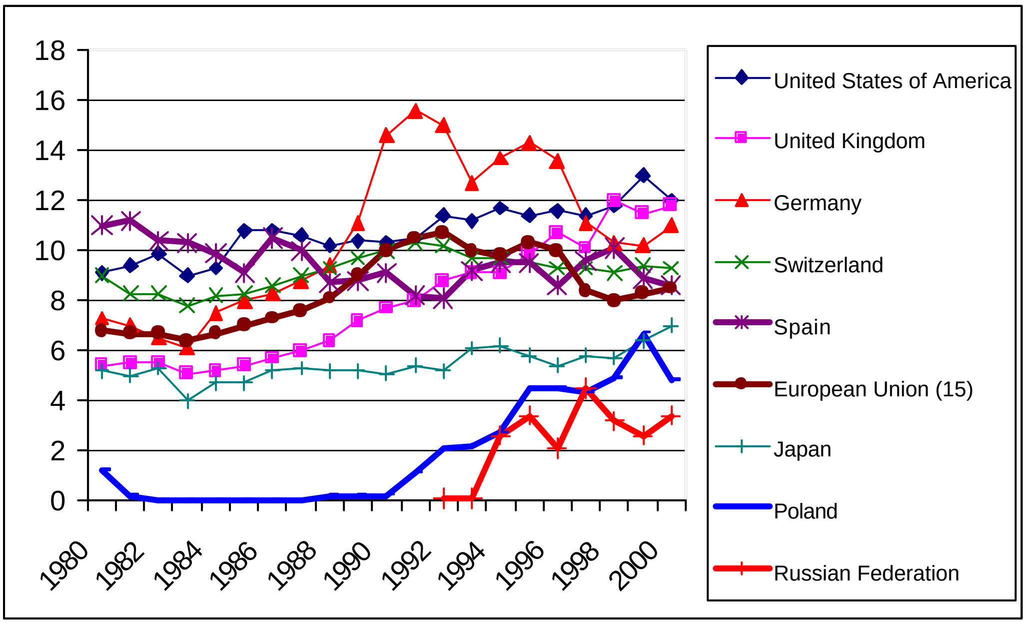
EVOLUTION OF BANANA DEMAND FACTORS

Analysis of the different factors influencing banana demand is of crucial importance, particularly in a context of oversupply of bananas in the international market. The most important elements determining developments in the international banana market have been the new preferences of banana consumers, including the increasing preference for organically produced food and for fair-trade and ethnic products. The increasing role of retail chains in banana distribution, leading to what could be called a reversal of the banana marketing chain, also deserves attention. Finally, it is important to explore the role played by market access for bananas in consuming countries, particularly the introduction EU Banana Regime and the subsequent dispute in the WTO. These developments have strongly affected developing countries exporting bananas, in particular countries depending on banana exports, such as the Windward Islands countries. In order to adapt to the new regime, these countries need to restructure their banana industry. The existence of the above-mentioned market niches (organic, fair-trade and exotic bananas) may provide an opportunity for them.

A. THE CHANGING BANANA CONSUMER

Internationally traded bananas are mainly consumed in developed countries. In 2000 more than 65 per cent of these bananas were exported to the United States (31.4 per cent), the European Union (25.6 per cent), and Japan (8.4 per cent). New emerging markets for bananas, such as China,[48] and the Russian Federation[49] are showing great potential for increasing per capita banana consumption. Chart 7 provides an indication of the evolution of banana consumption per capita in different consuming countries during the last decades of the twentieth century.

Chart 7. Bananas supply/cap/year (kg)



Source: FAO.

[48] Imports of bananas represented 57 per cent of total fresh fruit imports in 1992–1994 and 64 per cent in 1998–2000. See Huang (2002).

[49] An assessment of the Russian banana market is presented in FAO (1999 c).

Bananas are considered to be the world's favourite fruit.[50] The market for bananas in developed countries is increasingly demand-driven, relying more and more on customer satisfaction.[51] During the last decades consumption patterns have changed. There has been a shift from quantitative to qualitative factors in food demand decisions that are influencing banana consumption. Consumers tend to ask for higher-value food products.

Traditionally, banana demand depended on income levels, prices (of bananas and substitute fruits) and population growth. Bananas are likely to have low price elasticity, although no definite data are available. Income elasticity may be low in more developed countries, where bananas are not a luxury good. In fact, most of the major consumer markets, which are also quite mature markets, show relatively stagnant per capita consumption.[52] However, in lower-income countries income elasticity may be significantly higher as bananas may still be considered a luxury fruit. As income increases in these countries, banana consumption can be expected to increase accordingly.

Consumers in developed countries have become more sophisticated and more demanding with respect to the bananas they consume, as has happened with produce and food consumption in general. They are becoming increasingly aware of the health and nutritional benefits of eating more fresh fruit.[53] Consumers are also more interested in dietary issues, in consuming more food low in fat and sugar, and this favours consumption of fruits. The campaign "5 a day", which was launched by the Produce for Better Health Foundation in the United States and later extended all over the world, is encouraging the consumption of fruit on health grounds.[54] The potential for increased fruit consumption due to health reasons is high since the intake of fruit is still below recommended levels.

Food safety has also become a very significant issue, particularly after the food scares in Europe. Consumers demand that the food they consume be of higher quality, and they are interested in the taste, appearance or shape of bananas.[55] They want to be informed about the food they are consuming through appropriate labelling and tracking and traceability schemes. They are also interested in innovation, showing an increasing taste for variety and demanding new exotic varieties of bananas and banana products. The trend in the produce sector in general is towards strong producer brands and innovative private labels. With regard to bananas, there are already some well-established brands. Some industry observers believe that banana consumption in the United States benefited from the presence of well-established brands, growing from 8.8 kg (19.4 lb) per capita in 1976 to 14.2 kg (31.3 lb) in 1999 (Cook, 2001).

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[50] In the United States, for example, the results of a research carried out by the International Banana Association (http://www.eatmorebananas.com), *Banana Facts from 2001 Consumer Research*, suggest that attitudes towards bananas are overwhelmingly positive, and that in the light of the favourable opinions and usage patterns across all age groups, there are opportunities to increase banana consumption in the United States. The leading role of bananas is also mentioned in Cook (2001) and in Pollack (2001). The situation of US imports of fresh fruit is explored in Cuellar (2002). For Japan, see JETRO (2000). For an analysis of fresh fruit markets in the European Union, see Centre for the Promotion of Imports from Developing Countries (2002).

[51] The Economic Research Service of the US Department of Agriculture has embarked on a project on Structural Changes and emerging trade practices in produce markets, in order to analyse the changing produce markets structure. See: http://www.ers.usda.gov/briefing/foodmarketstructures/change.htm.

[52] According to CBI, EU Market Survey on Fresh Fruit and Vegetables for 2001, the market is saturated and consumption levels in 1999 were about the same as in previous years.

[53] Bananas are rich in potassium, carbohydrates and fibre as well as vitamins, and are a very good source of energy. Eating bananas may have health benefits in preventing heart diseases and cancer (See http://www.fruitveg.com or http://www.5aday.com).

[54] In Europe promotion of fruit and vegetables for health is carried out through the project Fruit and Vegetables for Health.

[55] Minimum quality requirements for bananas are set by the Codex Alimentarius (http://www.codexalimentarius.net/docsearch/docs/en/v5b26en.doc).

At the same time, new lifestyles have led to increased preferences for quick and easy to prepare food. Convenience has become an important factor in produce demand. Bananas are favoured by this consumer trend because they are the ideal convenience fruit, with a biodegradable packaging. Bananas make a good snack and they have become impulse products, competing with packaged snacks. Banana distribution companies are aware of these changes and have moved in the indicated direction in order to attract consumers through their advertising campaigns, for example by using Disney-branded fresh produce or even a bananas computer game. Publicity campaigns by transnationals may have influenced the preference of European consumers for the big, bright yellow bananas, all with the same shape, which they distribute.

Consumers are also ever more concerned about banana production conditions, both environmental and social. They are increasingly aware of the environmental damage caused by intensive production methods in plantations and of the use of agrochemicals and pesticides. At the same time, they are interested in better working conditions for banana producers, such as the payment of fair wages to banana workers, and the guarantee of fair prices to small producers. Consumers therefore demand more organic and fair-trade bananas in a general context of expansion of organically produced food products. Food scares are also behind the increasing demand for organic bananas, although, scientifically, it is not clear that eating organic products is healthier than eating non-organic products. In addition, the increasing preference for consuming exotic and ethnic products results in an increasing demand for new varieties of bananas.

B. THE POTENTIAL FOR BANANA MARKET NICHES: ORGANIC BANANAS, FAIR-TRADE BANANAS AND EXOTIC BANANAS

The evolution of banana demand characteristics has resulted in a certain differentiation of the product in the banana market. Consumer preferences have favoured the emergence of new segments of the market or market niches, which may present some potential for trade opportunities in banana-producing developing countries. Smallholder banana producers may particularly profit from these opportunities, since they may obtain price premiums that may allow them to continue producing bananas in a market liberalization context that implies increasing competition from large-scale banana plantations producing bananas at much lower costs. In countries highly dependent on banana export earnings, banana producers may capture a higher value-added by diversifying their banana production base, thereby increasing revenues and reducing poverty.[56] These market niches are mainly organic bananas, fair-trade bananas and exotic bananas. At present, the volume of these market niches represents only a small part of the market in relation to total banana trade. However, they have shown a continuously increasing rate of growth in recent years, and prospects for future demand growth are very positive.

Some consumers in the United States, the EU or Japan may be willing to pay a premium above the regular banana price if they are guaranteed that the bananas they are consuming are produced under sound environmental and social conditions. The premium may be from 30 per cent to 80 per cent of the normal banana price.[57] Because of these consumer demands, supermarkets are orientating their banana business in this direction, with an increasing presence of fair-trade and organic products in their outlets. The banana industry is therefore pushed to move into fair-trade and organic banana production.

The development of a sustainable banana industry and responsible banana production and consumption is a major concern not only for consumers but also for the international community as a

[56] See Holderness et. al: (1999).

[57] FAO (2001d).

whole, including international organizations, Governments, non-governmental organizations (civil society), private companies and banana producers.[58]

FAO defines a certified organic banana as a banana "produced through a specific process whose compliance with legally-based national standards (generally based on the guidelines issued by the International Federation of Organic Agriculture Movements) has been monitored by an independent certification organization. In the case of bananas, standards were generally established in importing countries".

According to FAO, the Dominican Republic was the main supplier of organic bananas in 2000, with exports totalling 44,000 tonnes (more than half of the total world supply of organic bananas), an increase of 80 per cent over 1999 exports. Mexico was the second largest producer with 9,000 tonnes, while the highest increases in organic banana production occurred in Colombia (115 per cent) and Ecuador (80 per cent). Organic banana production used to come from smallholders until recently, when transnational companies such as Dole, Fyffes and Chiquita (with pilot organic farms) entered the organic banana market. This may raise the question of how long small banana farmers can keep their comparative advantage in producing organically and profit from it by receiving a price premium.[59]

Available estimates of demand show that although the share of organic banana imports is marginal, annual growth rates have been very high (55 per cent in 1998–99 and 65 per cent in 1999–2000). Total imports of certified organic bananas were estimated at some 75,000 in 2000. The EU shows the highest growth in demand for banana imports – 80 per cent in 2000. Organic banana imports into the EU were estimated at approximately 40,000 tonnes, accounting for about 1 per cent of total banana imports, the highest share in the world. In 2000, the United Kingdom replaced Germany as the main European importer of organic bananas. These two countries represented around 70 per cent of the market. In the United States and Canada organic bananas account for 0.5 per cent of the banana market. Imports of organic bananas are also showing rapid growth in Japan (70 per cent in 2000).

According to the FAO (2001 d,), "assuming a continuing world-wide annual supply growth of 65 percent, an organic share of three percent in global banana markets could be reached within three years. However, for continued growth organic bananas have to enter the mainstream market in which much of the additional purchasing is from lower income groups. For this to occur, price premiums will have to fall". In any case, the potential for organic bananas to increase their market share is clear, since the present share is much lower than the average market share of organic fresh products.[60]

Concerning fair trade, an alternative approach to conventional international trade, there are different definitions of the concept. It can be described as a trading partnership which aims at sustainable development for excluded and disadvantaged producers by providing better trading conditions, awareness raising and campaigning (European Fair Trade Association). According to Worldshops, "Fair-trade is a partnership between producers, traders and consumers who are working to remove the disadvantages suffered by producers, to increase producers' access to markets and promote the sustainable development process. Fair-trade works to create means and opportunities for producers, especially disadvantaged, small-scale producers, to improve their living and working conditions. Its mission is to promote social equity, environmental protection and economic security through trade, awareness-raising and campaigning". In any case, the objectives of fair trade are the guarantee of

[58] This topic was raised at the international level at FAO Expert Meetings on Socially and Environmentally Responsible Banana Production and Trade, Rome, 22–24 March 2000 and San José, 10–11 December 2001. Meeting documents provide a useful insight into the problems of certification standards, standards bodies and monitoring of criteria, and into the proposals for collaboration presented and the need for a common approach by all stakeholders in the banana industry.

[59] In 2001, Dole Fresh Fruit introduced into North America DOLE-branded organic bananas from Ecuador.

[60] The situation of world markets for organic fruit is explored in CTA/FAO/ITC (2002).

minimum price criteria and of fewer intermediaries in a profitable and long-term stable trade relationship that may help small banana producers acquire a larger share of the final price of the bananas.

The Max Havelaar Foundation initiated the development of a fair-trade banana market in Europe. Fair-trade initiatives come usually from a labelling strategy. According to the Fair-trade Foundation, a Fair-trade label is awarded to a banana which meets internationally agreed standards of production and trade, leading to a better deal for banana producers and workers. Fair-trade banana criteria are defined by Fair-trade Labelling Organisations International (FLO). The most important are:

- Direct trading links with producers in developing countries, cutting out local dealers;
- Guaranteed prices to producers to cover production costs;
- A "social premium" to producers for investment in social and environmental improvements;
- Credit allowances or advance payments where necessary;
- Long-term trading relationships to enable planning.

FLO maintains a register of producers who meet the criteria and are committed to social and environmental improvement plans. Banana importers and other trading companies must obtain licences in order to use a fair-trade mark. FLO data reveal that fair-trade banana sales in Europe increased from 22,818 tonnes in 2000 to 29,065 tonnes in 2001, showing a 25 per cent rate of growth for the third consecutive year.

The labelling schemes are voluntary. Fair-trade bananas were first launched in the Netherlands in 1996. At present they have a market share of between 5 and 13 per cent in the countries where they are sold. According to the Natural Resources Institute website, fair-trade bananas represented 10 per cent of the Dutch market and 13 per cent of the Swiss banana market in 1998. In 2001, the market share for fair-trade bananas in Switzerland was over 20 per cent.

A EUROBAROMETER survey, conducted on behalf of the European Commission in 1997, gave an indication of the level of public interest in fair-trade products in the EU. IT revealed that almost three quarters (74 per cent) of the EU population said they would buy fair-trade bananas if they were available in the shops at the same price and with the same quality as "standard" bananas. A total of 37 per cent of EU consumers said they would be prepared to pay a premium of 10 per cent above the price of normal bananas for bananas of equivalent quality produced according to fair-trade standards. There is also evidence that retailers are becoming aware of and beginning to respond to consumer demand for guarantees concerning the production conditions of goods they buy.[61] Although these estimations may be considered too optimistic, they are a clear indication of an increasing preference for fair-trade bananas, supporting the idea that fair-trade bananas could be commercially viable within the EU, even at a price premium.

Retail chain strategies play an important role in the evolution of sales of both organic and fair-trade bananas, since the wide availability of these products and their promotion are crucial factors for increasing demand. In the United Kingdom, for example, retail chains have played a significant role in the introduction and promotion of organic bananas. The major retail chains, such as Co-op, Sainsbury, Tesco and Waitrose, participate actively in the organic banana business. In the beginning, these types of bananas were mainly sold by independent sellers and speciality shops. However, a survey in the United Kingdom has shown that prices of organic products in supermarkets are higher than in other outlets.[62] Civil society is also playing an important role in increasing consumers' awareness of their responsibility for improving the sustainability of the banana industry in developing countries, particularly in the Windward Islands. Relevant civil society bodies such as Banana Link are based in the United Kingdom. They have contributed making organic and fair-trade bananas popular among British consumers. As a result, Windward Islands banana farmers have started producing

[61] See European Commission (1999). For the situation of fair trade in Europe see Krier (2001).
[62] Ross (2002).

organically certified bananas to be sold in British supermarkets through WIBDECO (Windward Islands Banana Development and Exporting Company). Organic banana exports from the Windward Islands to the United Kingdom are expected to reach 10 per cent of total banana exports from this source in the long term.

The production of organic and fair-trade bananas has to face several constraints that are quite similar to those of organic agriculture and fair-trade production in general, including the proliferation of standards.[63] The level of supply of organic and fair-trade bananas remains limited, although it is increasing in response to faster-growing demand.

Producers face technical constraints in organic agriculture. Diseases that affect bananas, such as the Black Sigatoka, make them very difficult to grow organically, because the diseases cannot be easily controlled. Research into and development of disease-resistant varieties might contribute to the development of organic bananas production. The limited availability of organic fertilizers is an additional constraint for many producing countries.

Farmers may find it very difficult to comply with organic standards. The transition period is onerous, with higher production costs and lower yields. During this period, farmers do not receive the price premium and they face uncertainties about the future selling conditions of their bananas. A solution may come by means of financial aid to overcome the initial investment.

Certification costs are high and differences in certification standards between consuming countries may add to these costs. The definition of national organic rules in exporting countries, enforced by domestic certification agencies recognized, accredited and controlled by independent control agencies, may help to reduce these costs.

Banana farmers may also lack the appropriate skills to convert their production into organic production, and therefore there is a great potential for training activities. Marketing and distribution remain complex. Small volumes increase transportation costs, and producers usually have to wait for the shipments to be filled by conventional bananas.

On the consumer side, differences in certification schemes also cause confusion. There are different bodies concerned with this issue: Rainforest Alliance-Better Banana Project, FLO-Max Havelaar, IFOAM, Ethical Trading Initiative (ETI) and ISO,[64] as well as different definitions or concepts, such as organic, green, biological, ecological and environmentally friendly bananas or ethical trade and fair-trade bananas. There is a need to clarify and harmonize efforts in order to achieve some convergence in the criteria employed through collaboration among the institutions involved.[65]

There is also a lack of information for consumers when deciding whether to consume organic and fair-trade products. The success of organic banana consumption in Switzerland may be due to the fact that Swiss consumers are relatively well informed about organic farming. Higher fair-trade banana consumption in Switzerland also results from the fact that supermarkets and other institutions have run education campaigns for consumers. Organic and fair-trade banana production and consumption depend heavily on the trust that consumers put in organic and fair-trade labelling. There is a need to monitor and control the labelling in order to give consumers the guarantees they demand.

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[63] For an analysis of constraints on organic agriculture in a banana producing country, see Salazar (2001).

[64] ETI is an alliance of companies, non-governmental organizations (NGOs) and trade union organizations committed to working together to identify and promote ethical trade – good practice in the implementation of a code of conduct for good labour standards, including the monitoring and independent verification of the observance of ethics code provisions, as standards for ethical sourcing (http://www.ethicaltrade.org). Chiquita joined it in May 2002. In 1998, Dole's banana operations in Costa Rica became the first banana exporter and the first agricultural producer in the world to receive certification under the environmental management system requirements of ISO 14001.

[65] The different initiatives are analysed in Farquhar (2001).

There is also limited availability and reliability of data on production, trade and consumption of organic and fair-trade bananas. This makes it difficult to produce forecasts about the evolution of the market. Data could be improved through the sharing of information between the relevant bodies and the elaboration of joint studies.

An additional problem with these products is WTO-related. Developing countries fear that environmental and social criteria could be used by developed countries as a non-tariff barrier to trade.

Environmental and social sustainability for the banana industry may also be facilitated by an industry code of practice. In general, transnational banana companies may favour a code of practice,[66] since he labelling requirements affect their company branding strategies and increase costs.

Finally, there is an additional market niche that offers a trade alternative for exporters in developing countries. As developed countries' consumers have become more sophisticated they have shown an increasing preference for new tastes, therefore demanding the presence of new varieties of bananas. This has resulted in a market for exotic or ethnic bananas. At present, speciality shops or supermarkets offer other varieties of bananas than the usual dessert bananas or Cavendish, such as red bananas, baby bananas, apple bananas[67] or even plantains. There is a great potential for consumption of these new banana varieties and small banana producers can profit from the opportunities provided by the new market niches. The initial increase in sales of new varieties may occur as the result of travel by consumers from developed countries who experience the new flavours, or through the presence of ethnic minorities living in developed countries, who demand these varieties from their native countries. The availability of different varieties of fruits is now much greater than some years ago and some of the new varieties are no longer considered exotic, since consumers have become used to them.

In the context of consumers in developed countries demanding a wider variety of products and exotic products, there may be another possibility for producers in developing countries to capture value added,[68] namely through processing bananas into banana products, such as dried bananas, also called banana “chips”. The market for dried bananas is small but may have potential.[69]

C. THE INCREASING ROLE OF SUPERMARKET CHAINS IN BANANA DISTRIBUTION

One of the major developments influencing the evolution of banana marketing and trading practices during the recent past is the consolidation and concentration process that is occurring in food distribution systems. Supermarkets have become increasingly important as banana outlets, as well as for fresh produce in general. At the same time the banana trade is very important to the retail business.[70] In the United States, bananas may represent up to 10 per cent of produce department sales,

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[66] For example, as a result of growing pressure from both the United Kingdom and Ireland, Fyffes signed the United Kingdom Banana Industry Code of Best Practice along with other banana importing companies, such as Del Monte and Geest Bananas. This Code commits its signatories to the development of a safe, financially viable and environmentally sustainable banana industry. Chiquita establishes its code of conduct in the context of its corporate responsibility.

[67] See ADC (2001).

[68] UNCTAD (2000) presents an analysis of marketing channels and upgrading strategies for fresh fruit, showing how the development of niche markets for high-value produce creates new opportunities for developing countries´ producers and exporters that can meet the required standards.

[69] Other possibilities for processed bananas may come from banana puree, banana powder or banana alcohol. However, opportunities are very limited given the small size of the processed banana products market compared with consumption of fresh bananas.

[70] In the United Kingdom, for example, three out of four bananas are sold in supermarkets (Fruitrop No. 87, January 2002).

accounting for up to 1 per cent of store sales and representing 1.7 per cent of total store gross margins.[71] There is increasing competition among retail chains, leading to industry consolidation and placing pressure on suppliers and producers.

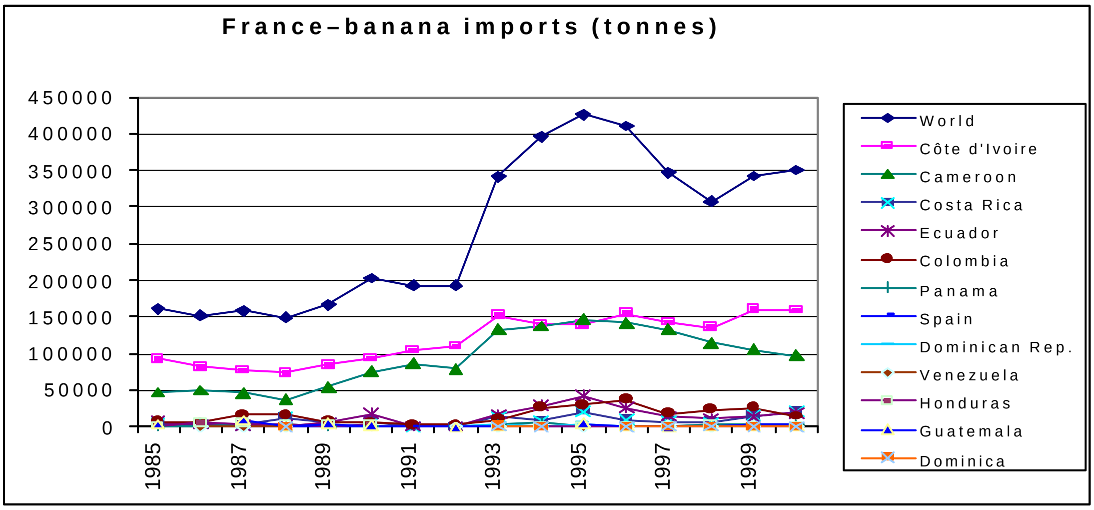
The increasing consolidation and internationalization of supermarket chains may be identified as one of the forces behind the difficulties faced by major banana companies in the recent past, since it is strengthening the dominance of supermarkets over banana traders, increasing competition between fruit traders and adversely affecting margins.[72] At the Second Session of the FAO Intergovernmental Group on Bananas and Tropical Fruits, held in Costa Rica in December 2001, delegates expressed concerns about the consequences of supermarkets' increasing market power for producer interests, particularly with respect to prices received.[73] The last decade has witnessed important changes in retailing across most developed countries. The food retail business in Europe and North America has gone through an intense process of mergers, acquisitions and internal growth, particularly in the late 1990s. This process is also developing in Latin American and Asian countries.[74]

The movement towards consolidation and concentration of retail chains is stronger in Europe, although there are substantial differences in the way in which changes have taken place in retailing across different countries. Chart 8 shows the differences among countries in market shares for the top five retailers. Concentration levels are higher in Northern European countries, while in countries such as Italy and Spain supermarkets do not play a very important role in fruit distribution, owing to the preference for traditional retail outlets, although they are becoming more significant. In 1990, the combined market share in Europe of the top five companies in grocery retail did not exceed 13.8 per cent. In the following five years, this only grew by a relatively modest 3.5 per cent, leading to a combined market share of 17.3 per cent in 1995. However, there was a rapid increase in the years from 1995 to 2000, with a rise of almost 9 per cent resulting in a combined current market share of 26.1 per cent. Thus, the leading five companies almost doubled their market share in a period of just 10 years. The top 10 grocers in Europe accounted for 28.8 per cent of the market in 1992, but 41 per cent of the European market in 2001. For the top 30 grocers the market share increased from 51.5 per cent in 1992 to 68.5 per cent in 2001[75]. According to M+M Planet Retail, the likely trends for the shares of European top 10 retailers are 50–55 per cent in 2006 and 55–65 per cent in 2011.[76]

From 1987 to 2000, the share of the four largest food retailers in grocery store sales in the United States rose from 17.1 per cent to 27.4 per cent. The eight largest retailers´ share increased from 26 per cent to 40.5 per cent, while the 20 largest retailers´ share reached 52 per cent of total grocery store sales in 2000, compared with 36.5 per cent in 1987.[77] The evolution of this consolidating trend in retailing is shown in chart 9.

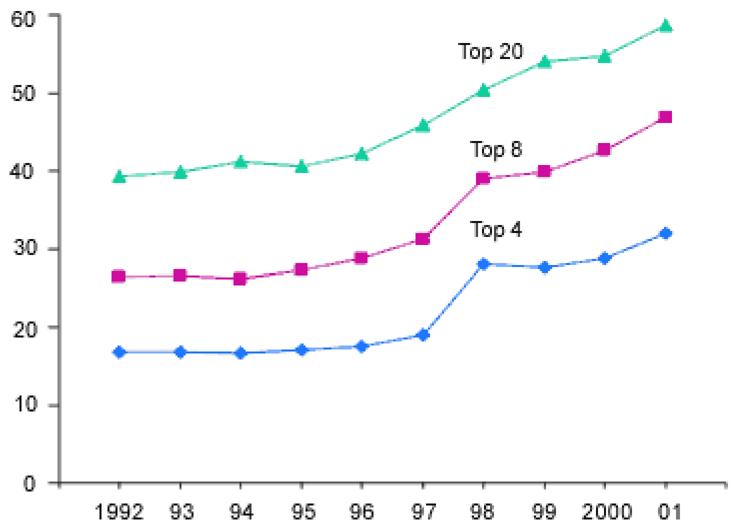
[71] Americafruit (2001).
[72] See Steeg (2001 b).
[73] See FAO (2001 e).
[74] See, for instance, Reardon and Berdegué (2002) or Laffan (2002).
[75] See M+M Eurodata, http://www.mm-eurodata.com.
[76] Roberts (2002).
[77] See Kaufman (2000) and Cook (2002) (http://www.agecon.ucdavis.edu/faculty_pages/cook/articles.html).

Chart 8: Top five retailer's market share by country in Europe, 2000 by food sales (%)



Source: M+M-Eurodata

Chart 9. Retailing consolidation in United States (per cent of grocery store sales)



Source: Economic Research Service/US Department of Agriculture.

This evolution in global food marketing results in fewer buyers with a consequent increase in buyer power.[78] The large retail chains may impose higher levels of requirements on providers. The greater market power for large retail chains in produce distribution in general, and particularly in bananas, is putting pressure on suppliers. Supermarkets demand higher quantities, better qualities and lower prices. Although transnational banana-marketing companies have been meeting these challenges through rationalizing and cost-cutting strategies, it is likely that they are passing a great part of the pressure on prices to producers in developing countries.

As a representative example, according to Banana Link, "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

[78] The issue of increasing buyer power in food retail distribution in Europe is analysed in Dobson Consulting (1999) (http://europa.eu.int/comm/competition/publications/studies/bpifrs/). Some critics go even a step further and accuse supermarkets of shaping consumer preferences and deciding what they eat.

the world's biggest single company to sell exclusively Del Monte bananas at knock-down prices from 1st May 2002 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".[79] On this issue, the Caribbean Banana Exporters Association expressed on its website its concerns that "The risk now is that Asda use this price advantage to reduce retail prices, forcing other retailers to follow suit, or even indulge in a price war such as was seen in the mid-nineties. If this happened, the consequences for the Caribbean banana industry would be dire". As lower prices of bananas do not imply significantly higher consumption owing to the low price elasticity, higher sales volumes will not offset the lower prices, and considerable damage for banana producers may result.

The consolidation of food retailing has led to the emergence of new practices in produce marketing. Large retail chains tend to build long-term relationships[80] with providers in order to control better the whole procurement process, ensuring year-round availability of produce meeting their specifications. As a result, they tend to establish exclusive arrangements with preferred suppliers. Supply chain management practices are increasingly used.[81] The new marketing and trade practices also include slotting allowances and fees, in order to place the product on supermarket shelves, special packaging and other marketing and trade promotion services. There is also a tendency towards centralization of distribution and global sourcing, although transnational corporations have long followed such practices. In addition, large supermarket chains tend to reduce the participation of intermediaries, looking for direct contacts with growers/suppliers in order to reduce transaction costs and capture a larger part of margins or value added. They even build their own fresh produce distribution platforms and establish their own ripening facilities. This development may provide opportunities for small and medium-sized banana producers in developing countries, if effectively organized, through strategic alliances with supermarket chains in order to supply their bananas directly. WIBDECO in the Windward Islands seems to be working in this direction.[82]

As supermarkets focus on customer satisfaction and since there are increasing concerns about food safety, retail chains are more demanding with regard to quality and they are very strict about third-party certification. The industry is therefore increasingly paying attention to chain management and labelling systems in order to be able to trace the produce back to its origin. In the context of increasing environment awareness in the EU, a group of leading European food retailers launched the EurepGap (Euro-Retailer Produce Working Group for Good Agricultural Practice,

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[79] Banana Link (2002).

[80] According to Sopisco News 12/02, "The 5 biggest banana companies probably control 80 per cent of the market and have signed long-term contracts with the 10 largest retailers, which control almost 70 per cent of all dollar-bananas sold in the EU". Additionally, 19 of the top 20 global food retailers are Chiquita customers (See Chiquita Annual Report (2001)).

[81] According to Ricks et al. (1999) "supply chain management represents a collection of the management of activities exercised between vertically related firms to improve efficiency, vertical coordination, and overall performance and competitiveness of the participant firms within an industry". On this subject, see also Perosio et al. (2001) which analyses the fresh produce distribution system in United States.

[82] The United Kingdom retail chain Sainsbury with its supplier WIBDECO are working with the Governments of the Winward Islands countries to modernize and simplify banana production and to find other products which the islands´ farmers can grow which would sustain their economies. Sainsbury believes that forming strong relationships with suppliers helps to guarantee standards that are crucial in sourcing organic produce which comes under extremely close scrutiny owing to the specific claims made about its growth and production. See J. Sainsbury plc. Corporate Social Responsibility Case Study: The Windward Islands (http://www.jsainsbury.com/csr/case_studies.htm).

http://www.eurep.org) in 1999, with the objective of raising standards for the production of fresh fruit and vegetables by promoting food safety, sustainable use of natural resources and more environment-friendly production.[83] In addition, in April 2000 a group of international retailers identified the need to enhance food safety, ensure consumer protection, strengthen consumer confidence, set requirements for food safety schemes and improve cost efficiency throughout the food supply chain. Following their lead, the Global Food Safety Initiative (GFSI) was launched in May 2000. The Initiative is facilitated by CIES-The Food Business Forum and is based on the principle that food safety is a non-competitive issue, as any problem arising may cause repercussions in the whole sector. The key priorities of the Initiative are to implement a scheme for benchmarking food safety standards worldwide; to build and implement an international early warning system; to encourage cooperation between the worldwide food sector and national and pan-national Governments and authorities; and to communicate the Initiative to all concerned parties and promote consumer education.[84]

These emerging dynamics in fresh produce distribution, where needs of consumers are crucial and supermarkets are responding to changes in consumer demand, imply a reorientation of the roles of companies in the international banana market, since marketing and demand issues are becoming much more important than production aspects. This may be one of the reasons for the withdrawal of large banana companies from direct production/growing, allowing them to focus on marketing bananas.

As a consequence of consolidation in food retail distribution, the banana market has undergone a process that may be called reversal of the marketing chain. The international banana market is still highly vertically integrated, but the weight of power is now increasing at the retail stage. In fact, it is more appropriate to talk about vertical coordination in the banana business, where retail firms tend to exercise control over several stages of banana production, without necessarily assuming direct ownership before the product arrives at their depots.

An additional interesting development that must be taken into account as a factor influencing the dynamics of fresh produce marketing is the rapidly evolving information technology. New technologies and the Internet may have positive implications for electronic trade in fresh produce[85] and for logistics, management and procurement systems. They provide better access to worldwide information and communication, as well as new marketing and promotion tools. These technological advances may enhance trade opportunities for developing countries in the banana market. Although many doubts still exist about the future of these new technologies in fresh produce marketing[86], they are providing new ways of doing business.[87] According to Euromonitor,[88] the potential to do business via the Internet depends on a suitably high proportion of the target audience having access to on-line facilities.[89] There are several examples of leading grocery chains allowing customers to place orders over the Internet for home delivery. This reflects the need to continue increasing market share, and to offer consumers increasingly flexible ways of shopping.

[83] See Baas (2002).

[84] For additional information visit CIES-The Food Business Forum, http://www.ciesnet.com/home.html.

[85] This is analyzed in Mir et al. (2002) (http://www.infoagro.com).

[86] In 2000 Fyffes launched the web site worldoffruit.com, hoping to revolutionise the way business is done. However, after some time the company had to scale back its investment owing to the declining market interest in e-commerce projects.

[87] In 2000, Dole chose tradingproduce.com as the e-commerce platform for its fresh vegetables subsidiary.

[88] Euromonitor, *Food Retailing in Europe*, London, 1998.

[89] Some new electronic trading sites that may be of relevance for bananas:
Farmworld (http://www.farmworld.com), Banana Exchange in the Russian Federation (http://www.banana-exchange.ru/ind.html), Food Trader (http://www.foodtrader.com), Efoodmanager (http://www.efoodmanager.com), Agribuys (https://www.agribuys.com/Agribuys10_en_US/login.cfm), Freshchain (http://www.freshchain.com.au), Agro-market place (http://www.agromarketplace.com), Fruit Business: http://www.fruitbusiness.com/ or VFM (http://www.vfm.net/).

D. INTERNATIONAL BANANA MARKET ACCESS: THE EU BANANA REGIME AND WTO DISPUTE SETTLEMENT

A crucial factor for banana demand is international banana market access. Different banana import regimes are applied in different countries. The existence of diverging banana regimes has resulted in the fragmentation of the international banana market into open market areas and preferential market areas. Many banana-importing countries have different forms of banana import regimes. According to FAO, there is a direct relationship between high import barriers of a tariff, tariff rate quotas (TRQ) or regulatory measures and low per capita consumption of bananas:[90] "Importers with low or no barriers and only internal taxes tend to have high average per caput consumption (e.g. Chile, Malta, New Zealand, Norway, Switzerland and Uruguay). On the contrary, countries with high access barriers have low average per caput banana consumption (e.g. China, Libya, Morocco and Tunisia)".

Another problem of market access is the application of sanitary and phytosanitary (SPS) measures to banana imports.[91] Exporting countries may consider these measures an additional barrier to trade.[92] For example, in 2001 Ecuador expressed in the WTO context concerns about the use of SPS measures in Turkey to hamper trade and requested the establishment of a panel to examine Turkey's import procedures for fresh fruit. As a result, the Government of Turkey announced a reform of its fresh fruit import regime in order to solve differences and a mutually satisfactory solution was reached. More recently, the Philippines has formally asked Australia to enter consultations in the WTO over its quarantine restrictions on imports of bananas and pineapples from the Philippines.

Developing countries exporting bananas have been strongly affected by the evolution of the EU Banana Import Regime established in 1993 and by the trade dispute that followed in the WTO. The banana regime and its modifications following the dispute have filled the international banana market with uncertainties, have clearly determined the strategies of banana producers in different regions (with different reactions coming from “dollar” banana, ACP or EU producers), of transnational banana marketing companies and of banana distributors, and have affected consumer demand. Expecting further liberalization of the EU banana market and in anticipation of new market opportunities, banana producers and marketers expanded their production capacity during the late 1980s and early 1990s. The delay in the expected liberalization is one of the major reasons for the oversupply situation in the world banana market and falling international banana prices. The banana dispute was one of the most controversial issues in the world banana market in the last century and it resulted in clear damage to banana trade as well as disruptions in international trade in general.

The EU is the second largest market in world banana trade after the United States. EU banana imports accounted for 25.6 per cent of total world banana imports in 2000. In 1990 EU banana imports represented 38 per cent of global banana imports. Although in terms of volume[93] the importance of the EU as an importer of bananas decreased during the 1990s, any change in banana import policies in the area still has a clear impact on the different agents involved in the banana business and on the world banana economy. Traditionally, the EU market has also been the most profitable of the banana

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[90] These regimes are put into perspective in FAO (2001), which provides a summary of those import policies (excluding the EU regime).

[91] This issue is addressed in Wilson, and Otsuki (2002).

[92] As the WTO states the problem: "How do you ensure that your country’s consumers are being supplied with food that is safe to eat — safe by the standards you consider appropriate? And at the same time, how can you ensure that strict health and safety regulations are not being used as an excuse for protecting domestic producers? An agreement on how governments can apply food safety and animal and plant health measures (sanitary and phytosanitary or SPS measures) sets out the basic rules in the WTO". See http://www.wto.org/wto/english/tratop_e/sps_e/spsund_e.htm; *Understanding the WTO Agreement on Sanitary and Phytosanitary Measures,* May 1998. However, the definitions of the standards to be used need further clarification.

[93] See Statistical Annex 4.

markets. The EU itself produces around 20 per cent of the bananas it consumes, mainly in France (Guadeloupe and Martinique), Spain (Canary Islands), Portugal (Madeira and the Azores) and Greece. The rest of banana consumption is imported from ACP countries and from Latin America.

Table 6. Banana supply in the European Union (per cent)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
ACP countries	17.87	18.42	18.53	16.64	17.78	20.71	21.29	19.96	20.53	17.47	16.21	17.00
Traditional	17.83	18.35	18.38	16.34	16.76	18.94	18.75	17.95	18.93	16.14	14.60	15.87
Non-traditional	0.03	0.07	0.15	0.34	1.02	1.80	2.55	2.01	1.60	1.34	1.61	1.13
EU territories	24.99	23.62	21.19	19.52	20.34	17.83	17.14	17.19	17.66	20.45	20.72	19.76
Other countries	57.14	57.99	60.31	63.84	61.88	61.45	61.57	62.84	61.81	62.08	63.07	63.27

Source: FAO, UNCTAD World Commodity Survey 2000–2001.

1. Background of the EU Banana Regime and WTO dispute settlement evolution

For historical reasons, the EU has maintained special preferential trade relations with ACP countries under the framework of the different Lomé Conventions. When it was signed in 1975, Lomé I comprised 48 countries. After regular revisions and updates, the number of ACP countries is now 77. Major ACP banana exporting countries in 1993 were Jamaica, the Windward Islands countries (Dominica, Grenada, Saint Lucia, and Saint Vincent and the Grenadines), Belize, Côte d´Ivoire, Cameroon, Somalia, Suriname, Cape Verde and Madagascar.[94] The First Banana Protocol in the Lomé Convention ensured duty-free entry into the EU market for specific quotas of bananas and supported the economies of many small island Caribbean States, which were heavily dependent on banana exports. The expiration of the fourth Lomé Convention in February 2000 gave place to the Cotonou Agreement, signed in June 2000, which provided an opportunity to review the future of the EU–ACP relationship. The Second Banana Protocol included in this Agreement did not provide for trade preferences for bananas, as they were to be granted in the context of the new banana import regime. However, it recognized the importance of banana production for ACP countries and the need to examine and, where necessary, take measures aimed at ensuring the continued viability of their banana export industries and the continuing outlet for their bananas in the EU market.

Prior to 1993 there were three different banana import regimes in the EU:

- Germany imported bananas from Latin America on an open market basis, without any import restriction. Under a special protocol of the Treaty of Rome, it had a zero tariff on banana imports within an annual banana quota that was sufficient to cover market requirements.
- Preferential access, based on protection accorded to local production or to certain countries or areas with which there were historical links, was granted in France (for Guadeloupe and Martinique and some African countries such as Côte d´Ivoire and Cameroon), Portugal (Madeira), the United Kingdom (preferences given to imports from Caribbean countries such as the Windward Islands and Jamaica), Spain (bananas were provided mainly by local producers in the Canary Islands) and Italy (Somalia).
- The remaining countries imported bananas, mainly from Latin America, without any quantitative restriction, on a 20 per cent common tariff basis.

The creation of the European Single Market in 1993 make it necessary to harmonize the banana import regimes in the EU. Therefore, the EU put in place the Common Market Organization for

[94] Traditional ACP countries are those exporting bananas to the EU in 1993. Later, the Dominican Republic joined the ACP group and Ghana started banana exports.

bananas (EU Banana Regime concerning the importation, sale and distribution of bananas) under Council Regulation (EEC) No 404/93 of 13 February 1993 on the Common Organization of the Market in Bananas.

The objectives of the EU Banana Regime were the elimination of internal barriers to trade in order to allow the free circulation of bananas within the EU; the maintenance of preferences for former colonies in order to protect production (ACP producers, who had traditionally exported bananas to the EU, could not be put in a less favourable situation than in the past under Lomé Convention preferences); the protection of local producers in order to maintain their level of income; and the granting of more opportunities to EU produce distribution companies. In addition, third countries' suppliers were also to be taken into account since they provided around 60 per cent of total bananas consumed in the EU.

The regime established a complex tariff-quota banana import system, which illustrated the difficulties of harmonizing the different import regimes while at the same time taking into account all the different interests involved:

- (a) A tariff quota of 2 million tonnes (increased in 1994 to 2.1 million tonnes and in 1995 to 2.2 million tonnes, following the Banana Framework Agreement with four Latin American countries; in the latter year, following enlargement, the EC introduced an additional tariff quota of 353,000 tonnes) for Latin American countries and non-traditional ACP bananas. This quota was subject to a system of import licences, dividing the operators into three categories:[95]

    - Category A: 66.5 per cent of the quota reserved for established operators for third country (dollar) and non-traditional ACP bananas (mainly US transnational companies);
    - Category B: 30 per cent of the quota for established operators marketing EU and ACP bananas (European companies);
    - Category C: 3.5 per cent of the quota for new operators established in the EU who started marketing bananas other than EU or traditional ACP bananas from 1992;
- b) Quantities allocated to traditional ACP banana suppliers totalling 857,700 tonnes;
- c) A within quota duty of eutos 75/t for Latin American countries and zero duty for ACP countries, in line with obligations under the Lomé Convention.

In addition, in order to prevent any loss of income for EU banana producers, compensation payments, in case prices fell below production costs, were limited to a maximum of 854,000 tonnes. Specific quotas were assigned to individual EU regions, with almost 50 per cent going to the Canary Islands.

The EU Banana Regime was challenged several times in the General Agreement on Tariffs and Trade (GATT). However, although the decisions went against the EU, they were not legally binding. After the creation of the WTO, the United States and some banana producing countries, namely Ecuador, Guatemala, Honduras and Mexico, took the issue to the WTO dispute settlement panel. In 1997, the WTO Dispute Settlement Body found that the EU Banana Regime was violating WTO international trade rules. The main criticisms were the setting aside of a quantity reserved solely for ACP imports and the allocation of licences, which did not eliminate the discrimination against third-country operators.

The economic losses for the United States were estimated at a value of $191.4 million a year. Therefore, the United States was authorized to impose 100 per cent duties on EU products. After modifying the regime in 1998, the EU implemented a new system in 1999, also based on a 2,553 million tonnes tariff quota, with an additional quantity assigned globally to the ACP countries.

[95] Licences were allocated on the basis of market share in the different stages of the banana supply chain, leading to the need for further vertical integration in order to obtain more licences.

However, this was again considered to be against the WTO rules. In April 1999, after the EU had failed to adapt the regime, the United States imposed the increased tariffs on a list of products.

Failing to reach an agreement based on distribution of import licences on a historical basis, the European Commission proposed a transitional tariff quota system managed on a "first come, first served basis", which was due to enter into effect in July 2001. The United States and most Central American and Caribbean producers were still opposed to this system. The new regulation provided for three tariff quotas:

- Quota A: 2,200,000 tonnes at a tariff of euros 75/t (bound tariff rate quota);
- Quota B: 353,000 tonnes at a tariff of euros 75/t (autonomous tariff rate quota);
- Quota C: 850,000 tonnes at a tariff of euros 300/t.

All three quotas were open to bananas of any origin. ACP countries had a tariff preference both within and out of quota of euros 300/t. Over-quota tariffs for other exporters were considerably higher. The tariff quotas were a transitional measure, leading to a flat tariff system in 2006. Before a flat tariff could be applied, the Commission would have to conduct negotiations with the main suppliers under Article XXVIII of the GATT.

On 11 April 2001, after eight years of dispute, the EU and the United States reached an agreement in their long-running banana regime dispute, allowing for a transition to a tariff-only system by 2006. This understanding provided for phased implementation steps, as set out below.

1 July 2001. The EU was to adopt a new system of banana licences based on historical reference periods, 1994–1996. On this date, the US Trade Representative announced the lifting of sanctions (estimated at $191 million) on European products, as the EU opened its market to United States banana distributors through the increased licence allocations.

1 January 2000. The EU would shift an additional 100,000 tonnes of bananas (from the ACP tariff free quota) to a tariff quota to which bananas of Latin American origin would have access. As a result of the agreement, 83 per cent of EU banana import licences (for the A/B quota) were for established banana importers and the remaining 17 per cent were for newcomers to the EU banana trade since 1994. This means that the B quota would be increased by 100,000 tonnes, and the C quota would be reduced by the same quantity. The C quota would be reserved exclusively for bananas of ACP origin, subject to a WTO GATT Article XIII waiver. The United States agreed to help achieve this waiver. On completion of this step, the United States was to remove the sanctions definitively.

1 January 2006. The EU will introduce a tariff-only regime for banana imports. It will begin negotiations with producing countries necessary under WTO rules in good time to introduce this system.

At the Fourth Ministerial WTO Conference in Doha in November 2001, WTO waivers[96] were granted regarding obligations under article I of the GATT (permitting continued tariff preferences for ACP imports, contained in the Cotonou Agreement) and article XIII (permitting the reservation of the C quota for ACP bananas).

In December 2001, the EU Ministers agreed to modify the EU import regime for bananas, so that the United States and Ecuador could definitively lift sanctions against the EU, by adopting regulations for the EU's new banana-import system, formally marking an end to the long-running dispute (Council Regulation (EC) No 2587/2001 of 19 December 2001 amending Regulation (EEC) No 404/93 on the common organisation of the market in bananas). Other technical modifications, which relate to the

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[96] See WTO Document WT/MIN (01)/16, European Communities–Transitional Regime for the EC Autonomous Tariff Rate Quotas on Imports of Bananas, and WTO Document WT/MIN (01)/15, European Communities–The ACP-EC Partnership Agreement.

financing of producer organizations, an update of the tariff and statistical nomenclature of the products, and new rules on compensatory aid have also been included. Under the rules on compensatory aid a member State may be authorized to introduce a temporary measure whereby no compensatory aid is paid for marketed produce of new banana plantations planted on or after 1 June 2002, when, in the member State's view, there is a risk to the sustainable development of the production areas, with particular reference to conservation of the environment, and protection of the soil and the characteristic features of the countryside.

The EU Banana Regime and the subsequent dispute are very sensitive and controversial issues that have led to the development of a vast literature on the topic. Many empirical studies have attempted to quantify the welfare impacts of the regime and identify winners and losers, but with diverging results. In any case, it may be useful to address some of its effects on the European, as well as the global banana market, together with the reactions of the different actors involved in the banana business.

2. Quantitative implications of the introduction of the EU Banana Regime

The quantity of bananas imported into the EU (excluding intra-EU trade) fell after 1993, as may be seen from chart 1. According to the Center of International Economics,[97] EU banana consumption fell by 11.5 per cent with the introduction of the new EU restrictive quota and licensing scheme (12-member EU). However, this reduction in banana consumption may have been attributable not only to the regime, but also to other causes, such as the maturity of the market. The share of EU banana imports in global imports had also fallen during the 1990s.

Banana imports generally decreased in countries with a previously open banana market and increased in countries with preferential regimes. As can be seen from statistical annex 5, German banana imports decreased after 1993. French banana imports increased after 1993, although they showed a decreasing tendency after 1995, to increase again by the end of the century. In the United Kingdom total banana imports have increased continuously since 1985, while for Spain total imports of bananas increased up to 1996 to decrease later.

Concerning banana prices, before the introduction of the regime the European banana market was highly segmented, with prices varying considerably between the different countries. Prices of ACP and EU bananas were considerably higher than those of Latin America, because of higher production costs. Due to the supply restrictions imposed by the import regime, European prices were in general much higher than in the rest of the world, which constitutes a clear motive for banana-importing companies to try to keep and increase their shares in the European market. After the introduction of the Banana Import Regime in 1993, prices tended to increase in Germany, where prices had been lower because of the lack of import restrictions on bananas. In France and in the United Kingdom, where the banana market was highly protected and prices were originally higher, prices fell after 1993 as competition increased. Chart 11 shows the evolution of retail prices in different countries. By the end of the 1990s, it was possible to note a convergence of the level of prices in the European countries, which may reflect the emergence of the Single European Market for bananas.

The analysis of the evolution of European banana patterns of trade, presented in chart 3 and in table 6, shows that Latin American countries as a group have maintained their market share in the EU. Panama and Honduras are the countries with the most negative evolution. ACP Caribbean banana-exporting countries have seen their market share reduced, while African countries such as Cameroon and Côte d´Ivoire have increased their share of the European banana market.

The effects of the introduction of the banana regime in the European Union on trading patterns have differed across the territory. They can be illustrated by taking four countries as representative of the different regimes existing before 1993: France (most bananas were provided by Guadeloupe and

[97] See Borrell (1997).

Martinique and former African colonies), Germany (bananas entered the market free of import duties), Spain (almost all bananas originated from the Canary Islands) and the United Kingdom (trade took place mostly with Caribbean banana-exporting countries). Statistical annex 5 shows the charts for the evolution of imports shares in the different countries:

France: the countries most affected by the regime were Côte d´Ivoire and Cameroon; Latin American bananas improved their position in the French market.

Germany: Latin American banana suppliers saw their market share reduced; Germany diversified its sources of bananas.

Spain: Since there were virtually no imports of bananas before 1993, all the countries that have been able to sell their bananas in the Spanish market have benefited from the EU banana regime; Costa Rica, Colombia, Ecuador and Panama are the major countries of origin for Spanish banana imports.

United Kingdom: Bananas now originate from a diversity of countries; big losers were the Caribbean banana-exporting countries, which considerably reduced their market share, while the winners were mainly Costa Rica, Cameroon and Côte d´Ivoire.

3. Reactions of different banana market players

(a) Inside EU

(i) Consumers

The Banana Import Regime resulted in internal litigation in the EU, coming from disadvantaged member countries and companies challenging its validity. For example, Germany (the largest banana-consuming country in the EU), supported by Belgium and the Netherlands (traditional buyers of Latin American bananas), filed a complaint against the European Council in the European Court of Justice. Since bananas were imported duty-free before 1993, German consumers were affected by the increase in prices following the introduction of the Regime. However, the complaint was unsuccessful and the Regime went ahead. It is, however, generally accepted that European consumers are paying more for their bananas than before. As is shown in chart 7, German banana consumption per capita decreased after the introduction of the Regime and in the late 1990s. In the long run, EU consumers should benefit from the increased liberalization of the banana market in 2006.

(ii) EU local producers

They have been affected by the Regime since they have been facing increased competition from other exporting areas producing bananas at lower costs ("*dollar*" bananas). However, they have been compensated through deficiency payments. In the future, as liberalization of the banana market increases, they will have to continue restructuring their banana sectors in order to increase their competitiveness and reduce costs. For example, *Plátano de Canarias* in Spain had to face a new economic context already when Spain entered the EU and started an ongoing modernization process, transforming banana production and marketing techniques. During the 1990s, they launched a strategy to differentiate the product by promoting the identification of the quality of these bananas by taste (apart from size or appearance), which helped to maintain their leadership in the Spanish market. The main market for bananas from the Canary Islands is Spain, while they have a limited presence in foreign markets. The leadership of Canary bananas in Spain may also be due to the preference for national production among Spanish consumers.[98]

[98] For an analysis of the situation of bananas from Canarias, see Florido de la Nuez and Carmona de Hanlon, E. (2001), and Landa Duranda (1998).

(iii) European banana traders or banana-importing firms and European ripening firms

They obtained clear advantages from the Banana Import Regime, due to the system of assignment of licences. The regime was considered to cross-subsidize less efficient banana production in ACP countries and the EU. The “dollar” quota was clearly insufficient, creating an artificial scarcity of bananas. In order to maintain their share of the European market, traditional importers of Latin American bananas needed to buy licenses from established EU banana traders importing from ACP countries, who could find the selling of licences more profitable than moving to imports from third countries. Therefore, a secondary market for banana licences developed. The Regime has also raised concerns about fraud in import licences. For example, in July 2002 the EU's Anti-Fraud Office announced the discovery of illegal imports of bananas using false licences in central and southern Italy, allowing those responsible to benefit illegally of hundreds of millions of euros.

(b) Banana- exporting countries

(i) Latin American countries

Colombia, Costa Rica, Guatemala, Nicaragua and Venezuela initiated a GATT panel against the EU Banana Regime. This resulted in a modification under the 1994 Banana Framework Agreement after the Uruguay Round, which Guatemala did not accept. The four remaining countries were allocated specific quotas and given the possibility to issue export certificates. Later on, Ecuador, Guatemala, Honduras and Mexico joined the United States in filing the case at the WTO Dispute Settlement Body, considering that their access to the European market was unfairly restricted.

(ii) Ecuador

The world’s largest exporter of bananas became a member of the WTO in 1996 and since then has insisted that the EU comply with trade obligations and commitments and stop discrimination against banana imports from Ecuador. In 1999, around 20 per cent of the bananas imported into the EU came from Ecuador. However, in recent years Ecuador has also looked for alternative markets in Asia and Latin America in order to overcome the restrictions in the European market. It is also marketing a very high percentage of its bananas in Eastern Europe.

As was the case for the United States, Ecuador obtained authorization to impose sanctions on EU imports, but never did so. The country had some objections to the 11 April 2001 agreement, mainly relating to the historical reference period and the C quota for ACP countries' bananas. Ecuador was in favour of the first come, first served system, fearing that otherwise the regime would favour Chiquita, a company that markets more bananas from Central American countries than from Ecuador. However, the EU and Ecuador reached an understanding on 30 April 2001, with the EU recognizing Ecuador as the principal supplier in the negotiations. The new regime is expected to provide increased opportunities for Ecuadorian exports. It abolishes the EU’s breakdown of imports on a country quota basis, increases the import volumes from Latin America by 100,000 tonnes, and improves market access for traditional and non-traditional importers from Ecuador.

(iii) UPEB

The Union of Banana Exporting Countries (UPEB) was created in the 1970s as an organization of Latin American banana-exporting countries, with the objective of dealing with the problems of banana production and marketing. It aimed to obtain remunerative prices for bananas, to promote the study and adoption of common policies, to coordinate and supervise actions, to search for equilibrium, and to exchange experiences and be a negotiating forum with importing countries. During the 1990s the different directions followed by banana-producing countries concerning their attitude to the EU banana regime were one of the major causes of the progressively reduced role of the UPEB.

(iv) ACP countries

ACP countries have been at the core of the process. The idea was that ACP banana farmers, particularly in the Windward Islands countries, should be protected because of their limited capacity to compete in terms of costs and quality with Latin American producers. In order to help ACP countries to adjust to the changes in the market following the introduction of EU Regulation 404/93, a Special Framework of Assistance to help countries increase efficiency in banana production was introduced. Beneficiary countries may use the finance available for technical and financial assistance to improve competitiveness in the banana sector or to support diversification where improvement in the competitiveness of the banana sector is not sustainable. Some authors have argued in favour of other alternatives to trade preferences, such as direct aid for banana producers in these countries[99] in order to achieve liberalization of banana imports, which they consider would be a more efficient system. According to different sources, the regime has failed to prevent the erosion of the market shares of the less competitive countries. This is, for instance, the case of the Windward Islands.[100] The analysis presented above confirms this fact. In addition, it can be argued that the maintenance of preferential treatment for bananas from these countries has provided incentives to continue producing bananas, thus perpetuating dependence on them and preventing diversification into other products.

After the agreement in 2001, which did not entirely satisfy ACP countries, a waiver of WTO rules was granted in order to allow the EU to reserve a fixed quantity of bananas exclusively for ACP countries. This waiver would allow the EU to provide tariff preferences on ACP exports to the EU until 2006. ACP countries were satisfied on this issue after the WTO Doha Conference. However, they have raised concerns about the low prices in the context of oversupply and saturation of the European market. Preferential access to the market makes no sense unless accompanied by remunerative prices.

ACP countries, particularly the Caribbean countries, are still faced with a difficult position, needing to ensure a smooth transition from a preferential price and protective regime to a situation in which they will have to compete directly with non-ACP producers. The problems are particularly acute owing to the large number of smallholder banana producers and the State companies in those countries. The loss of preferences may entail serious economic, political and social disruptions. In fact, additional compensation or adjustment assistance may be needed for the restructuring of their banana industry in order for them to be able to compete in 2006.

The solutions may come from improvements in production and management techniques in order to increase competitiveness and modernize the banana industry. In those countries where this is not viable,[101] diversification to alternative and profitable activities may be the solution. This diversification may occur inside the banana industry, trying to capture more value added or moving to the production of organic, fair-trade or exotic bananas, which have market niches with growth potential. In addition, diversification may imply the search for alternatives to banana production, such

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[99] See Borrell (1999). EU assistance to ACP countries is evaluated in Hubbard et al. (2000). (http://europa.eu.int/comm/europeaid/evaluation/evinfo/acp/951501_ev.htm): "The total budget under this programme amounted to € 95 million, out of which some € 78 million was actually allocated. Out of this latter total, € 37.9 million was provided as income support, to compensate countries for losses in export revenue, and the remainder in the form of technical assistance. The report concludes that the potential impact of EU assistance on competitiveness of the banana industry was already low in the Windward Islands, and average in the other three countries of the sample. Actual impact was low to medium. Jamaica and the Windward Islands face major challenges to reorganize exports and marketing arrangements. Only Cameroon and Ivory Coast have any realistic possibility of competing with the non-ACP banana exporters. Assistance has made most impact where it has gone into field productivity improvements. It has made least impact where its potential was perhaps highest: reform management and marketing arrangements. There has been little social and environmental investment".

[100] See Chambron (2000).

[101] ACP countries that may have better possibilities to compete on costs are Côte d´Ivoire and Cameroon.

as other non-traditional fresh fruits or tourism activities. There is concern about the possibility of drug production and smuggling being seen as more profitable activities.

As the UNCTAD *Trade And Development Report 2002* states in its chapter on "The Multilateral Trading System after Doha", "Many small developing economies export only one or two agricultural commodities, the earnings from which often account for a sizeable share in their total merchandise export earnings, as is the case for some small island economies exporting sugar and bananas. They are not competitive vis-à-vis larger-scale exporters and are highly dependent upon (non-reciprocal) preferential market access provided by major developed country markets. Their loss of such preferential treatment, along with substantial tariff liberalization…by the developed country importers, would result in reduced export earnings and investment for these small exporting economies, causing an undesirable macroeconomic shock. It may therefore be necessary to provide them with some form of support to enable their adjustment to more open markets".

(c) United States of America

The EU Banana Regime was considered to be discriminatory and harmful to the United States because it reduced access to the European market for the major transnational companies. According to the US Trade Representative it took away half of the market share of American firms in favour of competing EU firms. On these grounds the United States filed a complaint in the WTO and continued the dispute until a satisfactory agreement was reached.

(d) Small banana producers

The benefits from the EU banana regime for small banana producers are not clear, because international trade in bananas will remain under the control of the big players. The 2001 Agreement does not benefit cooperatives such as Max Havelaar, who entered the market after the historical reference period and therefore does not have access to the import licences. Max Havelaar introduces bananas from small producers into the EU, paying a fair-trade price. It is possible that small producers may be able to improve their position only when the tariff-only system is introduced.

4. Prospects after the 2001 WTO Agreement

By the beginning of 2002 the appropriate steps had been taken by the EU. Council Regulation (EC) No 2587/2001 of 19 December 2001 amending Regulation (EEC) No 404/93 on the common organisation of the market was adopted. Through this Regulation, the EU implemented Phase 2 of the Understandings with the United States and Ecuador. Even if it is too soon to assess the results of the agreement in the WTO, the agreement is supposed to bring about a balance of interests among the different operators involved in the banana market.

Both the United States and the EU welcomed the agreement as it was expected to allow all operators and producers better access to the EU market, while protecting weaker ACP producers. The Office of the US Trade Representative calculated that United States firms would obtain a substantial increase in the volume of bananas they are able to import into the European market with the implementation of the historical system provided for in this agreement. After the WTO agreement, US transnational banana marketing companies would certainly have improved access to the EU market. According to some estimates, the agreement would give 44 per cent of the EU banana market to Chiquita and Dole, with two thirds of it for Chiquita.[102]

[102] Ministerio de Agricultura, Pesca y Alimentación–Spain (2001).

Box 1. Different strategies of transnational banana marketing companies towards the EU Banana Regime

At the root of the banana trade conflict was the struggle of large US companies to increase market shares. Following the introduction of the EU Banana Regime they had to rethink their activities and objectives. Owing to the transformation of the market they had to search for a restructuring of their business through absorption and partnerships with banana importers, ripeners and distributors in many parts of the world. There was also a need to diversify into other fruits and banana-producing areas. In order to reap the full benefits of the licensing system, traditional European operators strengthened their position in Latin American bananas, while United States transnational banana companies invested in ACP countries to be able to obtain more rights to the "dollar" quota.

In 1994 *Chiquita*, together with the Hawaii Banana Industry Association, was the company that initiated the process of the United States–EU banana dispute by filing a petition to the United States Government in order to challenge the EU Banana Regime and the Framework Agreement, arguing that they were discriminatory. World and EU market shares of Chiquita have fallen substantially since the beginning of the 1990s. According to the company, Chiquita had about 40 per cent of the European market before 1993, and it went down to 20 per cent afterwards. The company has blamed the EU for its financial problems, even filing a case for $525 million damages before the European Court of Justice against the European Commission in January 2001, which was not dropped after the agreement. On 12 November 2001, Chiquita announced a Debt Restructuring Plan that would reduce parent holding company bond debt by more than $700 million. Operations were expected to continue as usual. The company considered that this restructuring and the settlement of the United States–EU banana trade dispute were significant events that would reinforce Chiquita's prospects for strong revenue and earnings growth. The Chiquita market strategy was a conservative one, defending the company from the regime by challenging it in the WTO and relying on brand loyalty, disregarding the importance of diversification of supply sources and strategic alliances with established distributors in the EU market. The Chiquita problems had already started in the 1980s when the company disposed of its United Kingdom and Ireland subsidiary Fyffes, which had ACP-based plantation and contract supply operations

Chiquita's major competitors, *Dole* and *Del Monte*, followed an aggressive strategy of acquisitions and joint ventures with several banana distributors and producers in the EU and ACP countries, increasing their presence in these countries, mainly in Côte d'Ivoire and Cameroon. Del Monte strengthened its positions in Asia, particularly in the Philippines. Dole´s market share increased in the 1990s, overtaking that of Chiquita. After the EU–United States agreement of April 2001, Dole did not agree with the reference perod of 1994–1996 because the company entered the EU market later (Chiquita controlled a higher share of the market in 1993). Dole preferred the first come, first served system, as it provided more opportunities for the company. Under this interim trade regime, only European companies that operated and bought bananas and sold them in the European Union market in the period 1994–1996 would be eligible for licences. The choice of time period ignores the dynamic changes and the investment that had been made during the previous eight years by Dole and other banana suppliers. The full benefits for Dole and other North American banana distributors, apart from Chiquita, will come after 2006, with the elimination of quotas.

The main European operator in banana distribution, *Fyffes*, was favoured by the EU Banana Regime, and also followed a policy of strategic alliances through diversifying sourcing and distribution networks, thereby increasing its share of the EU market. Fyffes expanded its marketing contracts in Central America and Ecuador, and succeeded in spreading its sources over ACP, euro and dollar bananas. But Fyffes's entry into Honduras (through contracts with independent growers) and Guatemala (production contracts) did not succeed, and it now works mainly through agreements with other traders such as Dole.*

* See Van de Kasteele (1998).

According to the EU Commissioner for Agriculture and Rural Development, the agreement allowed the EU to settle a long-running dispute with trading partners and to see US sanctions on EU products definitively lifted. His view was that it would relieve the banana sector and would be positive for operators, who could in the future work in a clearer and more stable environment.

According to SICA, the transitional regime in force until the year 2005 benefits Ecuador by fixing at 17 per cent the allocation for non-traditional operators. Additionally, certain conditions were established for qualifying non-traditional operators. This favours the Ecuadorian exporting companies and will allow improved access of Ecuadorian bananas to the EU market, in contrast with the regime of country quotas. From the Ecuadorian point of view, careful attention should be paid to the negotiations to establish the tariff-only regime in 2006, so that it will not be too restrictive and impede market access to the EU.[103]

A quantitative assessment of the transitional tariff-rate quota regime was presented by FAO at the Intergovernmental Group on Bananas in Costa Rica in December 2001.[104] The results of this simulation suggest that it will be crucial for ACP countries to enhance their competitiveness during the transitional tariff-rate quota period in anticipation of the tariff-only system. The market share of Caribbean producers is expected to decrease by at least 5,000 to 15,000 tonnes between 2001 and 2005, while that of West African countries could be expected to increase (although because of low historical exports, they would have to buy licences). A crucial issue for future discussion will be the setting of the appropriate level of tariff after 2006. The European Commission's objective is to maintain appropriate protection for EU and ACP producers, to avoid any change in import volumes and to minimise the impact on prices and costs. The advantage of the tariff-only system is that it would be transparent and simple to administer, with no need for complicated import licensing schemes. It is likely that consumers would benefit from the availability of bananas from competing suppliers.

Without neglecting the positive effects that the banana agreement may bring to international banana trade, it is important to note that a relevant issue at stake in the dispute was the capture of banana quota rents. From this point of view, it might be possible to conclude that eventually there might be no winners, not even the United States banana companies, since with the tariff-only system, quota rents will disappear. However, it is clear that transparency, as well as efficiency, will increase in the banana market, since uncertainties and distortions will be reduced and competition will increase.[105] In any case, specific winners of the banana regime are yet to be identified, even if, a priori, Ecuador and low-cost producers would stand to win.

5. "Everything but Arms" Initiative and bananas

The "Everything but Arms" Initiative (EBA) was unilaterally adopted by the EU in February 2001 for the purpose of granting duty-free and quota-free access for all exports of least developed countries (LDCs) to the EU, except arms. It eliminates trade barriers on everything but military weapons for the 49 developing countries (40 of which are ACP countries) that have been identified by the UN as "least developed" in terms of their low GDP per capita, their weak human assets and their high degree of economic vulnerability. However, imports of three products deemed to be "sensitive" – bananas, rice and sugar – are not to be liberalized immediately, and are subject to a transitional phase.

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[103] See SICA Project/MAG (2002).

[104] See FAO (2001b).

[105] See Read, R. (2001), for a recent and complete overview of the banana dispute. In addition, the EU Banana Regime is audited into European Court of Auditors Special Report Nº 7/2002 on the sound financial management of the Common Market Organization for bananas, Official Journal of the European Communities C294 Vol. 45, 28 December 2002, which provides a comprehensive and critical assessment of the system. The European Commission is due to carry out a major evaluation of the CMO in 2004.

Bananas were considered a sensitive product because of the banana dispute and the reforms that were underway. Under the EBA provisions were to be made for free access for bananas through a process of progressive tariff elimination starting on 1 January 2002 and concluding with full liberalization on 1 January 2006, the date envisaged for the entry into force of the tariff-only system. Import tariffs on fresh bananas from LDCs will gradually be reduced to zero by cutting the tariff rate by 20 per cent every year.

However, in this liberalization process, it is important to take into account, as UNCTAD's *Least Developed Countries Report 2002* recognizes, that "In theory, preferential market access provided through these initiatives can enhance the competitive advantage of the LDC exporters and thus promote faster export growth in the LDCs. However, in practice realizing this competitive advantage depends critically on supply capabilities. Improved market access is commercially meaningless if the LDCs cannot produce in the sectors in which they have preferential treatment and they lack the marketing skills, information and connections to convert market access into market entry".

In order to evaluate the possible impacts of the EBA on these countries´ banana sector and on the international banana market, it is interesting to note that LDCs are only marginal banana exporters, and that therefore the effects may be relatively small. According to an OXFAM study on the impact of the Initiative, "EBA would represent an improvement only for ACP LLDCs that might emerge in future as significant exporters [of bananas]…The FAO figures suggest that non-ACP LLDCs are insubstantial banana producers. They suggest that only Uganda, apart from Somalia, has a major potential in the short term. Its land-locked situation may be a constraint on early development of this potential (especially given the apparently important role of bananas in domestic consumption)".[106]

In addition, even if LDCs could significantly increase banana exports thanks to EBA free access, this would lead to an increase in the supply of internationally traded bananas. Accordingly, there is concern that the structural oversupply situation could grow worse, leading to even lower prices and reducing the benefits of the Initiative. The European Commission's assessment of the EBA proposals in sensitive sectors states the situation and possible impacts on bananas as follows: "The total production of bananas within the LLDCs is around 5.7m tonnes of which 4.8m tonnes are produced by the ACP countries and just over 700,000 tonnes are produced by the non-ACP countries. The total production of the LLDCs exceeds the EU consumption by nearly 2 million tonnes, although most of these countries do neither export overseas nor produce exportable bananas (total exports only amount to around 26 000t, all of which come from ACP LLDCs). Currently the LLDCs: Cape Verde, Madagascar, and Somalia are traditional ACP suppliers of bananas to the EU. However, the quantities involved are modest: In 1999 only 10 tonnes were imported into the EU from Cape Verde and 0 tonnes from Madagascar and Somalia although previous imports from Somalia were around 20 000t. Once the new regime enters into force the special access provisions for former 'traditional banana suppliers' will no longer exist in its current form. Rather it is to be replaced with preferential access for all ACP countries; these will have the possibility to export to the EU at zero duty within the tariff quotas and at a reduced rate of duty outside the quotas. The EU market is very sensitive to increased supplies, and those non-ACP LLDCs with a potential to export, if the appropriate investments could be mobilized to overcome infrastructural cost and other constraints, could cause an effect on the EU market, notably by reducing prices. As an indication, a reduction of price of 100 €/tonne would cost 80 million €. Nevertheless, given the low competitive position of LLDCs, it remains to be seen if they can attract investment in this highly competitive sector. Given this extreme uncertainty, no concrete scenarios are put forward here. It has been estimated that the future regime will lead to a fall in prices (the proposal estimates an increase in potential supply of 323 000t) and hence to an increase in compensatory aid. Possible pressure on prices from increased supplies from LLDCs might affect the other supplying countries, in particular those non-LLDC ACP countries which rely heavily on banana

[106] Stevens and Kennan (2001).

exports, but also Latin American countries which have put considerable investments into their banana industries and which also rely on banana exports".[107]

According to a study by UNCTAD and the Commonwealth Secretariat; "Although the shares of LDC exports are very small under the current market access (0.11 per cent of total EU banana imports in 1999), further liberalization measures are expected to produce significant changes in the export of certain products, including: sugar, bananas and rice".[108]

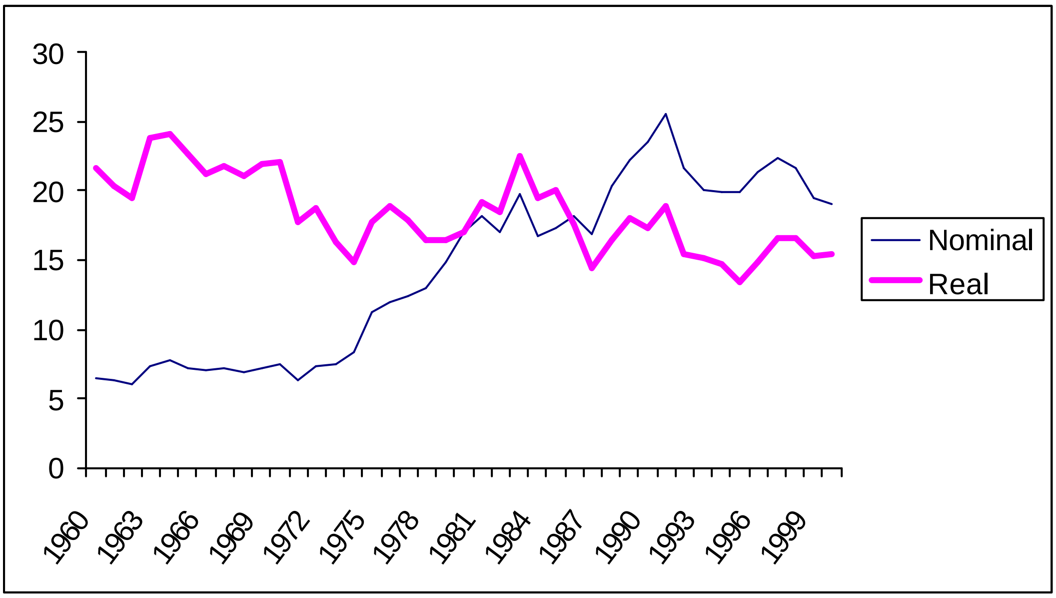
[107] European Commission (2000).
[108] UNCTAD/Commonwealth Secretariat (2001).

Chapter V

ANALYSIS OF THE EVOLUTION AND STRUCTURE OF INTERNATIONAL BANANA PRICES

When analysing banana prices, it is important to note that as the world banana market is geographically fragmented, it becomes difficult to derive any one international price for this commodity. However, since the United States banana market is a free one, the evolution of banana prices in that country could be considered a useful approximation of the historical trends. The analysis of data for "Bananas, Central America and Ecuador, F.O.B. US ports (US$ cents per lb)" summarized in chart 10 shows that the price of bananas, like that of many other commodities, has experienced a long-term deterioration in real terms.

Chart 10. Evolution of banana prices



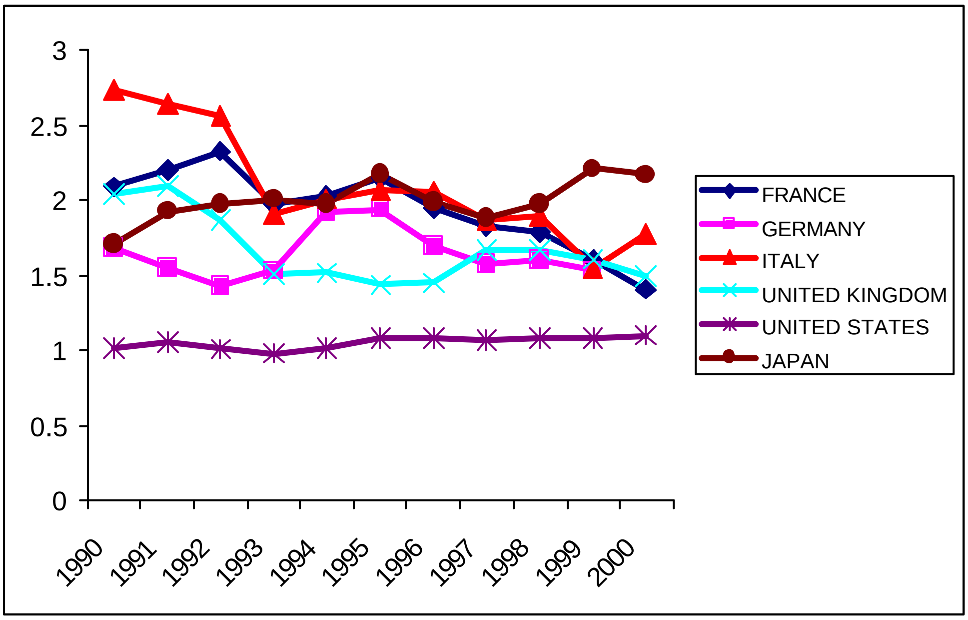
Source: UNCTAD.
Note: Real prices are obtained by deflating nominal prices by the unit value index of manufactured goods exports (1980 = 100).

In general, international market prices are determined by supply and demand. Supply factors include weather conditions (for example, Hurricane Mitch in 1998 destroyed crops in Central America, resulting in supply reductions and increases in prices),[109] diversification of supply sources, and changes in the area available for banana production and yields. Demand depends on income growth, population growth, consumer preferences and banana import regimes. Although the banana market has an oligopolistic structure, this does not mean that transnational marketing companies have unlimited power to set sales prices, particularly since competition increased during the 1990s. Their position as price makers is not clear. If any one of these companies tried to increase prices unilaterally, it would lose market shares. In addition, the dominant position of the large banana-marketing companies has been challenged by other importers, which have appeared as a result of efforts by producers to market their bananas outside the multinational channels. Therefore, banana price formation takes place mainly at the retailing stage, owing in particular to the increasingly dominant position of distributors (supermarket chains).

[109] In 2001 there was a positive evolution of banana prices, mainly due to unfavourable weather conditions in Latin America.

The comparison of retail prices (US$/kg) in relevant consuming markets is shown in chart 11.

Chart 11. Banana retail prices



Source: FAO statistics.

Retail prices in the United States are considerably lower than in the other countries, mainly because of the lack of tariffs or quantitative import restrictions for bananas in the United States and the lower transportation costs from the supply areas (sea distances are shorter). On the European side, there is a certain degree of convergence in retail prices in the European countries, probably reflecting the emergence of the single market in the EU after the EU Banana Regime in 1993. The higher prices in Japan may be due to the higher level of tariffs, higher wages and the lower level of competition in the Japanese retail sector.

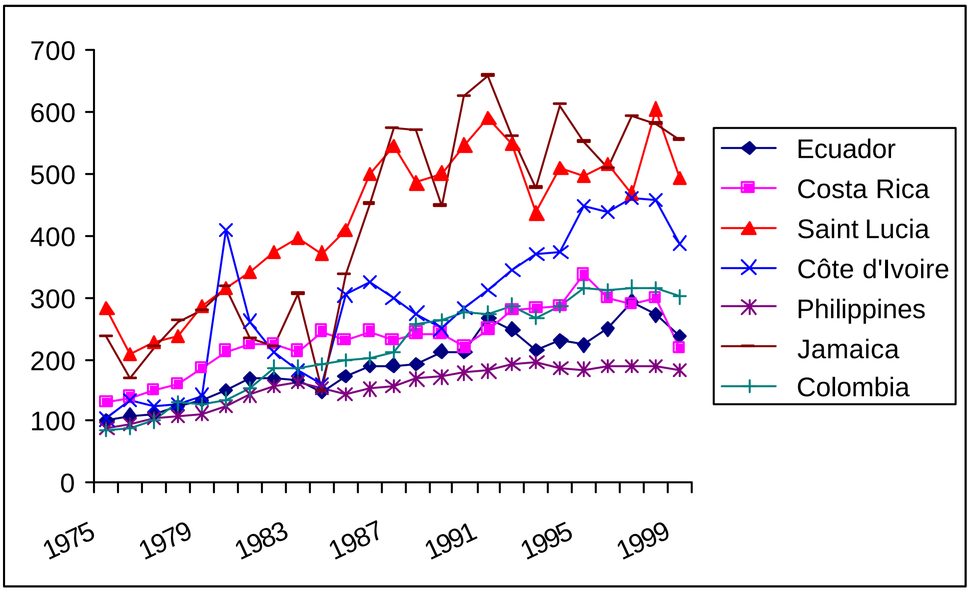
However, on the producer side, transnational marketing companies have greater power to set prices. Prices depend considerably on the bargaining power of producers to negotiate contracts with the companies that distribute or market their bananas. In Ecuador or Costa Rica, the world's largest banana exporters, the Government sets a minimum price to be paid to growers with the objective of protecting national producers. Some critics of this price intervention policy consider that it does not reflect the evolution of international prices and sends the wrong signals to the market, thereby contributing to the oversupply situation. It may also encourage banana-marketing companies to search for other sources of supply.[110]

Owing to the diverse banana production systems in the different countries and the limited availability of appropriate homogeneous production price data, it is quite difficult to make accurate international comparisons of production costs. However, there is a consensus that banana production costs are lower in Asia, South America and Central America than in the Caribbean. In the large-size plantation production systems of the Philippines, Colombia or Costa Rica, economies of scale are more important and they enjoy a more developed technology, allowing for lower production costs. Labour costs are much lower, as is the case also in Ecuador. On the other hand, Caribbean producers face higher costs due to the steepness of the land, the small size of farms, the poor quality of soil and unfavourable weather conditions such as frequent hurricanes. Transport costs for Caribbean bananas are also higher because ships call more at ports, as the amount of bananas these countries export are

[110] See Ampuero Pareja, E. (2001).

inadequate to fill one ship.[111] Chart 12 presents the evolution of banana export unit values in representative exporting countries and may serve as an approximate indicator of production costs.

Chart 12. Banana export unit values ($/ton)



Source: FAO statistics.

The comparison shows much higher unit values for Caribbean countries such as Jamaica or Saint Lucia than for other countries. The lowest export unit values appear in plantation systems in the Philippines and in South American countries such as Ecuador and Colombia, where labour costs are generally lower. Central American countries such as Costa Rica, where wages are higher, show higher export unit values but ones that are still lower than those of African countries such as Côte d´Ivoire, where export unit values are intermediate.

In addition, vertical integration of the banana companies implies that since they own most of the facilities needed in the banana chain, bananas do not change hands at the different stages of the chain. This makes the calculation of profit margins a difficult task and it is only possible to present approximations or estimates. Table 7 shows the estimates in some analyses of the banana market. Although these estimates are not homogeneous, the results show clearly the limited share of banana producers in the final retail price. Developing countries continue to receive a very low share of the profits from banana trade. According to Chambron (2000), workers on medium and large-scale plantations receive only 1–3 per cent of the benefits of international trade in banana, while small farmers supplying the world market receive only 7–10 per cent. Only 12 per cent of the total revenues remain in the producing countries.

[111] The different logistical constraints on exports for ACP countries are explored in Lherault, G. (2001), Exports logistics for ACP countries for fruit and vegetables and horticultural products, Paper presented at Diversification and development of the horticultural sector in Africa. UNCTAD Regional workshop for horticultural economies in Africa, Nairobi, Kenya, 29 to 31 May 2001. (http://www.unctad.org/infocomm/Diversification/nairobi/lherau.pdf).

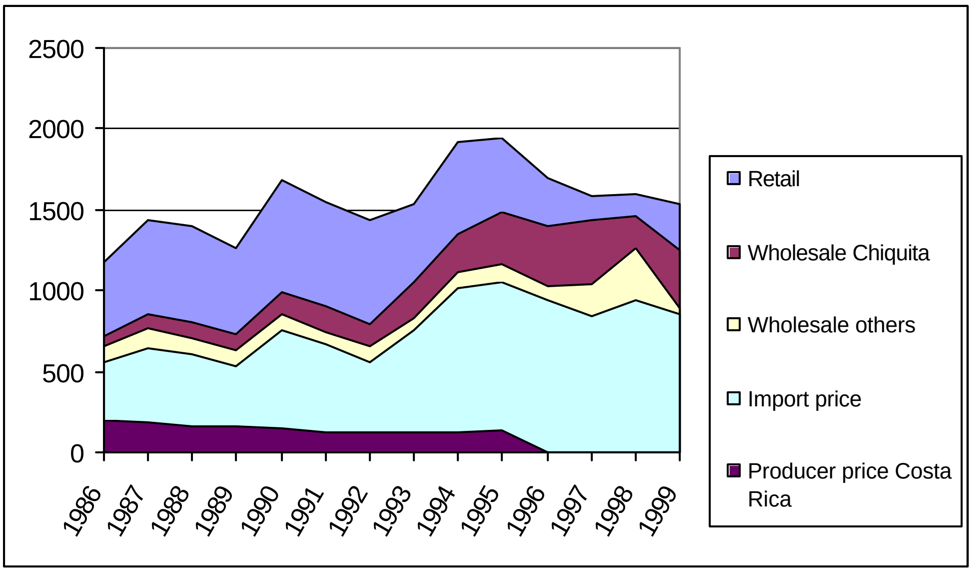
Table 7. Estimations of banana price structure (%)

UNCTAD 1974	UK Food Group/Chambron 1999	ECLAC 2000
Growers 11.5 Others 26.1 Freight and Insurance 11.5 Ripeners 19 Retail 31.9	Producers 5 Export costs 4 International transport 11 Import licences 9 Gross profit margin 17 Taxes and VAT 15 Ripening 5 Distribution, wholesale and retail 34	Independent producers 9–14 Transnational marketing companies 48–55 Ripeners and retailers 31–43
Chambron 2000*	**Chambron 2000****	**CTM-Altromercato 2000 (Fair-trade)**
Plantation workers 1 Plantation owner 3 Exporting company 10 Shipping 15 EU duty and licences 23 Importing/ripening 8 Supermarket 40	Grower 8 Casual workers 9 Exporter 9 Transport 14 Importer/ripener 26 Supermarket 34	Producer 13.9 Freight, insurance and handling 13.9 Land transportation 11 Physiological waste 1.4 Ripening 17 Margin CTM 13 Retail 21

* Ecuadorian bananas.
** Caribbean bananas.

When analysing the evolution of banana prices at different stages of the marketing chain in selected markets such as Germany, the United States and Japan, it may be observed that import prices, wholesale prices and retail prices tend to follow each other. However, production prices are much more stable. The results are presented in charts 13–15.[112]

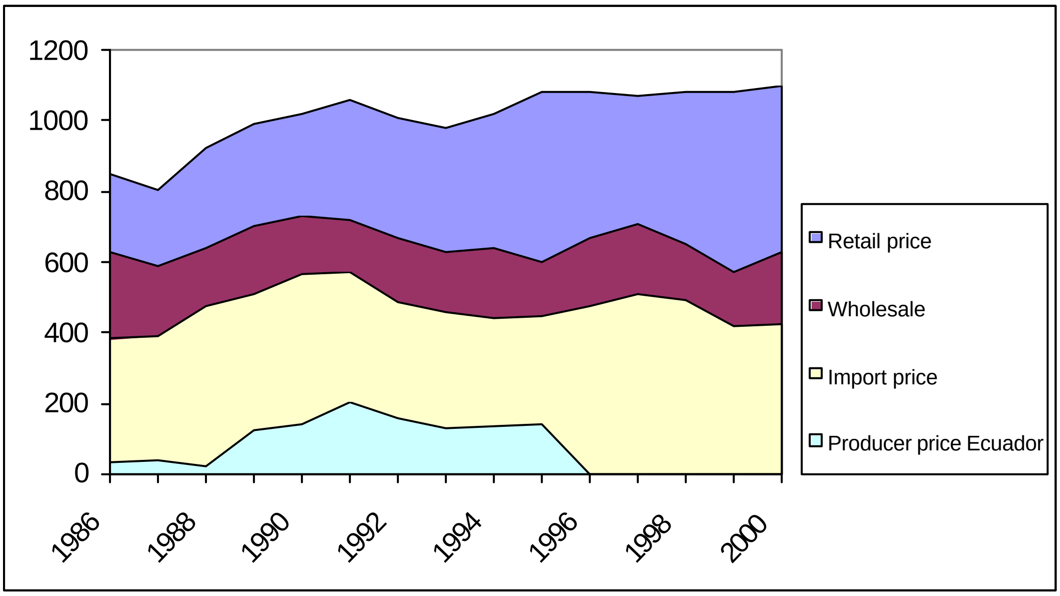
Chart 13. Germany (US$/tonne)



Source: FAO.

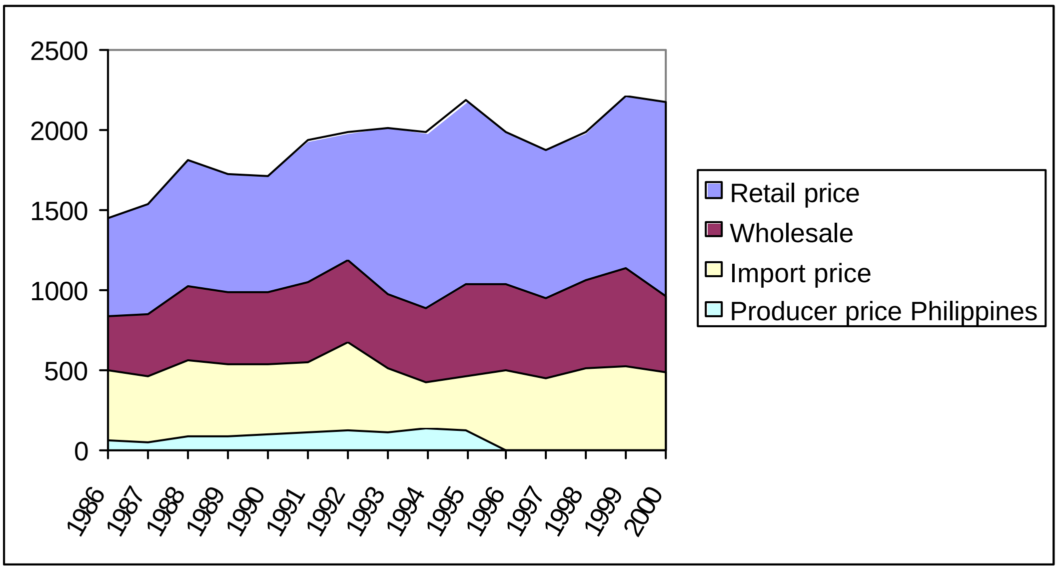
[112] FAO production prices series is available only until 1995.

Chart 14. USA (US$/tonne)



Source: FAO.

Chart 15. Japan (US$/tonne)



Source: FAO.

The percentages at each stage of the banana-marketing chain tend to be relatively stable over time. However, there seems to be a certain increase in the share of the retailing stage, particularly in the cases of Japan and the United States and in Germany up to 1995. This could reflect the increasing importance of the retailing stage of the banana chain in the marketing of bananas, allowing higher margins to be captured by retailers. With regard to the retailing stage margins, the particular situation shown for Germany may be explained by the high level of price competition in the German retail system due to the presence of high-discount retail chains, as well as by the strong position of banana-importing groups such as Atlanta (Chiquita recently announced its intention of acquiring this company). In contrast, the higher share of retail chains in Japan could be caused by the lower level of competition in the Japanese retail sector, which is often referred to as one of the most complicated in the world, and by the regulations of Japan´s distribution sector which, although diminishing in importance, lead to inefficiencies in fruit distribution. In addition, although it is only possible to observe producer price data up to 1995, the graphs confirm the small share of banana producers in total retail price.

There are no price risk management instruments for bananas traded on organized exchanges. Indeed, prices for bananas do not show a high degree of volatility, compared with many other commodities. Bananas are available all through the year and whenever there are disruptions in one part of the world, they can be obtained from other countries. Furthermore, the high perishability of the product does not allow for storage. However, banana prices present a certain degree of seasonality, related to the presence of competing domestic fruit in consuming countries. Therefore, prices tend to be higher in the first half of the year. Since an important component of banana prices are transportation costs, the evolution of oil prices has a great influence on banana prices. In fact, most banana companies hedge their price risk in oil-related risk management instruments.

In summary, during the 1990s the banana market was characterized by low prices due to the oversupply situation. This situation was mainly caused by structural factors, such as the slow adjustment of supply in response to reduced prices, and by institutional circumstances such as the prices imposed by certain Governments in producing countries in order to protect their banana producers. The preferential access for some producers in major markets has also played an important role in boosting production. The low banana price context may have affected banana producers more than agents at later stages of the banana chain who may have been able to capture a higher share of the value added, using strategies such as branding. Since the low level of prices does not always allow production costs to be covered, many independent small producers may be driven out of the market. Although the direction of prices in the future is difficult to forecast, FAO projects that banana prices will show a decline of 18 per cent until 2005: "a decline of some 25 percent could be seen in North American import markets, and a smaller decline of some 6 percent would be observed within the EC market. Reductions ranging between 20 and 22 percent are projected in other markets, including non-EC Western Europe, Eastern Europe, the area of the former USSR, the Near East, Japan and other importing countries in Asia including China, the Republic of Korea, China-Hong Kong SAR and Singapore, and in New Zealand". Concerns about the negative price trends were raised at the Second Session of the FAO Intergovernmental Group on Bananas and Tropical Fruits, held in Costa Rica in December 2001: "It was requested that the Secretariat should study banana market trends over the past few years to examine reasons behind the long-term price decline while the gap between prices received by growers and paid by consumers has continued to widen".

Apart from the purely economic elements of banana prices, there are other costs that should be considered when analysing the components of banana price. There are also environmental and social costs involved in the production of bananas. Bananas in Central and South America are cheaper partly because these costs are externalized. Wages are lower and working conditions do not meet with the minimum standards in certain countries, while environmental degradation is also higher, because of the intensive use of pesticides and other agrochemicals, causing water pollution and health problems. If environmental and social costs were internalized in banana prices, differences in prices between the different producing areas might be smaller. This may be part of the reasoning behind the premium that organic and fair-trade bananas enjoy on prices in consuming markets. Consumers are willing to pay more for these bananas because of their perceived higher quality and ideological considerations. In addition, the prices for these bananas are higher because the supply of organic and fair-trade bananas is smaller than the demand. This situation is expected to change in the future as the supply of these kinds of bananas increase. According to FAO, “Retail prices for organic products are relatively high. Depending on the market, price premiums for bananas (CIF) may vary from 30 percent (EC) to 80 percent (Japan). These high premiums are acceptable to only a small group of dedicated consumers. In many countries, most consumers of organic products appear to be willing to pay up to 20 percent more than for conventional products. Expansion of the organic market has to come through sales in supermarkets, the dominant venue for volume fruit sales in importing markets. However, buyers of conventional bananas are considered likely to buy organic only if price premiums decline further”. An additional important factor is the availability of bananas in the shops.

Chapter VI

INTERNATIONAL COOPERATION ON BANANAS

International cooperation on bananas takes place in many forms and at different levels. Some examples are described below.

Food and Agricultural Organization–Intergovernmental Group on Bananas and Tropical Fruits

This Intergovernmental Group is recognized by the Common Fund for Commodities as the international commodity body on bananas. It is the main forum for in-depth discussion on issues related to the banana economy, its problems and appropriate remedial measures. It provides a forum for consultation on and study of economic aspects of production, marketing, trade and consumption of bananas, with special reference to relations between consumption and prices, income, trade barriers and distribution systems. It also studies the possibilities of increasing world consumption, efficiency and social aspects of the banana industry, with particular emphasis on the improvement of living standards of those engaged in the industry and on economic problems of the industry. It makes recommendations for marketing high-quality bananas at prices that are fair to both producers and consumers.

FAO recently established an ad hoc working group on responsible banana production and trade for the purpose of facilitating dialogue, collaboration and joint activities among stakeholders working on social and environmental issues in horticultural production and trade. The participants in the working group have various backgrounds, including non–governmental organizations (NGOs) involved in standard setting, certification and/or labelling of horticulture produce, auditors and environmental experts, and banana producers.

In addition, a Banana Forum service is provided by the Horticultural Products Group of FAO. Its aim is to exchange information on developments in the world banana industry and to discuss social, economic, trade, environmental and other relevant issues in banana production and trade.[113]

Union of Banana Exporting Countries (UPEB), Panama

UPEB is the international organization of producing and exporting countries, created in 1974 with the idea of functioning as a cartel for bananas, which would have controlled banana supply. However, it did not succeed in this ambition because of coordination problems and lack of financial resources. Member countries are Colombia, Costa Rica, Guatemala, Honduras, Nicaragua, Panama, the Dominican Republic and Venezuela. The objectives of the organization were to expand markets and defend remunerative and fair prices for banana exports. UPEB aimed to improve technical cooperation among member countries and to effect marketing improvements.

During the 1990s, as a result of different views and attitudes of member countries in relation to the EU Banana Regime, the role of UPEB was reduced. The fact that Ecuador, the first banana exporter, never became a member contributed to limiting its influence. Under a cooperation agreement with the Interamerican Institute for Agricultural Cooperation, it was transformed into a centre of information and documentation for member countries, avoiding intervention policies on prices or production. It became a discussion forum for Latin American banana-producing countries, paying more attention to technical, environmental and social questions. Lately, some voices have been raised asking for a reactivation of UPEB as an organization uniting the interests of banana-exporting countries with the objective of attaining the social, economic and environmental sustainability of banana activity in developing countries.

[113] The web address of the Banana Forum is: http://www.fao.org/ES/ESC/esce/ESCR/BANANAS/forum.htm.

Caribbean Banana Exporters Association (CBEA), United Kingdom

CBEA evolved from the Commonwealth Banana Exporters Association, which was formed in 1972 to bring together the Banana Growers' Associations in Jamaica and the Windward Islands, which were the traditional suppliers to the United Kingdom market. Following the Lomé Agreement in 1975 the Commonwealth Banana Exporters Association changed its name to the Caribbean Banana Exporters Association (CBEA) and was expanded in due course to include Belize and Suriname. It established a London lobby in 1988 to defend its rights during trade discussions. CBEA has been involved in campaigning against WTO rulings on the EU Banana Regime.

International cooperation on bananas also takes place in some other bodies, described below.

Research and Development

Several initiatives have been started in this area, including the Banana Improvement Project,[114] launched in 1993 by the Common Fund for Commodities, the FAO Intergovernmental Group on Bananas and the World Bank, with the objective of making a significant contribution to the improvement and productivity of banana growing, by using higher-yielding, disease-resistant varieties, and seeking ways to reduce the cost of production, especially the cost of pesticides and their application.

Research and development in the banana sector is needed in order to increase productivity and yields, as well as to increase the resistance of bananas to diseases and pests and reduce dependence on fungicides and pesticides. This would have positive effects for smallholders and consumers, improving workers' health and reducing the impacts of banana cultivation on the environment.

At present, the leading organization in charge of international research and development for bananas is the International Network for the Improvement of Banana and Plantain (INIBAP). It is a programme of the International Plant Genetic Resources Institute, a Future Harvest Centre. INIBAP was established in 1985 as an international organization to sustainably increase the productivity of bananas and plantains grown on smallholdings for domestic consumption and for local and export markets. Using networking as its *modus operandi*, INIBAP has a small headquarters staff in Montpellier, France and regional offices in the four major banana-growing areas of the world. It is coordinating the global consortium that was created in July 2001 for the purpose of sequencing the banana genome within five years.

Private sector

International Banana Association, United States

Founded in 1982, the International Banana Association (IBA) is a trade organization consisting of members importing bananas into the United States. The IBA provides a forum for members to discuss common and technical issues pertaining to banana production, distribution and marketing. It represents the interests of the banana industry vis-à-vis government and is responsible for general promotion activities. It works with government agencies to encourage a sound international business and regulatory climate for the banana industry. The IBA also assists in the promotion of bananas to enhance public awareness of their health and nutritional qualities.

European Community Banana Trade Association, Belgium

This is the association of the banana trade in Europe. It was established in 1992 and its members are companies trading bananas on the European market. The association's main task is to represent

[114] Common Fund For Commodities (2001).

unanimous views of members on aspects relating to the Common Market Organization on bananas, its overall framework and its detailed management rules. It is also a platform of information for members and provides them with regular updates on developments in legislation.

Civil Society: The role of non-governmental organizations

During the 1990s there has been increasing participation by civil society in many aspects of life. Banana production has many environmental and social effects that are sources of concern for many people. As a result, there are some NGOs directly involved in raising awareness of the banana sector and in increasing consciousness of the need to consume more organic and fair-trade bananas. They also campaign for more environmentally and socially sustainable banana activity. An interesting example is Banana Link, a non-profit company limited by guarantee established in early 1996 to develop the work on international banana trade started by Farmers' Link. It aims to alleviate poverty and prevent further environmental degradation in banana-exporting communities and to work towards a sustainable banana economy. This is to be achieved by working cooperatively with partners in Latin America, the Caribbean, West Africa and the Philippines and with a network of European and North American organizations. Banana Link carries out research, provides educational services and disseminates information on the banana trade. It provides a specialized research and information service on trends in the international banana trade and on the activities of the companies involved. It campaigns and lobbies, nationally and internationally, for more socially and ecologically sustainable banana production and trade, works with and supports small banana farmers and plantation workers in producing countries, and collaborates with other organizations working on similar issues in the rest of Europe and elsewhere. There are other European initiatives, grouped the European Banana Action Network (EUROBAN), which is a coalition of 30 European NGOs working for socially and environmentally sustainable banana trade. In the United States, the Rainforest Alliance is working on the Better Banana Project.[115]

The first world conference bringing together all players in the global banana industry took place in 1998. The International Banana Conference was organized by the (International Union of Food workers (IUF)) and its partners in the European Banana Network (EUROBAN), including trade unions, transnational companies, Governments, civil servants, scientists, fair-trade organizations and NGOs. The Conference discussed concrete measures "towards a sustainable banana economy". One of the results was the International Banana Charter, which was presented as a basis for further discussion at all levels of the industry. The Charter defines the social, environmental and economic components of a future sustainable banana economy and outlines the potential role of social and environmental clauses in WTO agreements, freedom of association and collective agreements, corporate codes of conduct, fair trade and reform of the European Union banana import regime in transforming the industry.

After the Conference, there were many voluntary initiatives addressing social and labour issues in the banana industry. All parties share the objective of raising the standards of the people employed on plantations in banana-exporting countries.[116]

From the review of these examples of international cooperation on bananas, it can be concluded that the efforts, although certainly useful in their context, have proved to be insufficient to prevent the

[115] See Bendell (2001). This reports provides an in-depth analysis of the history of a business-NGO alliance to change the social and environmental impacts of banana production initiative, considering how it was managed, what it achieved and the arguments deployed by its critics. The collaboration is found to be controversial.

[116] A major European Conference on voluntary social standards in the banana industry, "Raising the Banana Standard", was held in 2001. It brought together European retailers, banana-producing and trading companies, independent plantations workers´ trade unions, NGOs, UN bodies and governmental policy makers from Europe, Latin America and the United States, with the objective of raising the level of debate on voluntary social standards initiative in order to improve environmental and social standards in banana production.

negative effects of the crisis that the banana market has been witnessing during the last decade. Therefore, improvements in international cooperation schemes would appear to be needed in the future, integrating all parties involved in or affected by banana activity.

Chapter VII

SUMMARY AND CONCLUSIONS

Bananas are a commodity of major importance for many developing countries. Analysis shows that there is a high level of concentration of production and international trade in bananas. While production and exports are concentrated in developing countries of Latin America and the Caribbean, Asia and Africa, imports are concentrated in developed countries of the European Union, the United States of America and Japan. However, imports are diversifying as a result of the emergence of new markets in the Russian Federation, China and Eastern European countries, which at the moment have very low levels of banana consumption per capita, but show potential to approach the levels of more mature markets as levels of income increase.

The main characteristic of international banana marketing is the asymmetry of its structure. Owing to the oligopolistic nature of international banana trade, it is dominated by a few transnational banana marketing companies that control production, mainly through plantation systems, and marketing in consuming centres in the developed world, obtaining the highest share of profits from this trade and by and large setting the rules of the game. In contrast, smallholder banana producers and workers are in a very disadvantaged position in relation to these large firms, since they cannot compete with them on costs. This duality of production systems has led to important differences in competitiveness among countries. Caribbean banana-producing and exporting countries, with great dependence on their banana exports and a higher presence of smallholder banana farmers, are facing a competitiveness gap compared with countries such as Ecuador, with much lower labour costs, or Costa Rica, where the plantation system allows for lower unit costs.

The situation of the international banana market at the end of the 1990s was characterized by a structural oversupply that was mainly caused by the expectations created by the introduction of the EU Banana Regime and by growth prospects for emerging markets that were not fulfilled, as well as by the increasing production from Ecuador, the world major exporter, supplying more than one third of global exports. As a consequence, banana prices declined during the 1990s. This oversupply situation could push Governments of banana-exporting countries to adopt policies to reduce world banana supply and find alternative and more profitable options for farmers that leave this activity.

The EU Banana Regime and the subsequent dispute in the WTO were major developments influencing the international banana market, creating a great deal of uncertainty for all actors involved in the banana business. The agreement reached between the EU, the United States and Ecuador in 2001 clarified the situation up to 2006, when the tariff-only system will be introduced in the EU, and has brought some stability to the market. However, the situation for the ACP countries, the most affected by the loss of preferences, will depend on their capacity to modernize and adapt to the new competitive environment and profit from new opportunities.

With changing consumer preferences, there is a global trend towards concentration and consolidation of retail chains, with a resulting increase in buyers' power. Consequently, transnational corporations are pressed to reduce prices and to comply with retail chain requirements. This has led to their withdrawal from direct growing in order to concentrate on marketing activities, where they obtain a larger part of profits, thereby avoiding production risks. The banana market is becoming increasingly demand-oriented.

These challenges have two-sided effects for banana producers in developing countries, who still obtain a very limited share of the final banana price. On the one hand, transnational corporations try to transfer back the pressure on costs they are facing from retail chains by cutting jobs and by reducing wages or benefits and the prices paid to small producers. On the other hand, since consumers are increasingly concerned about environmental and social issues related to banana production, they are demanding more organic and fair-trade bananas. Smallholder producers in developing countries may benefit from the opportunities provided by these market niches, as well as from the production of new varieties of exotic bananas since consumers are also interested in innovation and the ethnic market is increasing in developed countries. They can also benefit from the direct links that can be established with supermarket chains trying to get closer to the producer in order to reduce intermediary stages and better control the process.

An important issue to take into account is the need of banana producers and exporters in developing countries to be well organized in order to better negotiate prices with banana-marketing corporations, obtain better access to finance,[117] comply properly with quality requirements or establish more direct links with retail chains.

In the search for a sustainable and viable international banana sector, the international community and Governments may assist in capacity building for diversification into niche markets for environmentally and socially preferred bananas. This is particularly important in developing countries with high dependence on bananas that are facing increasing competition from lower-cost bananas grown in large-scale producing systems.

Finally, it is important to consider that in the information technology era that we are experiencing, information is a key to the process of the decision-making of policy makers and operators in the banana market. In the banana sector, UNCTAD is trying to contribute to improved market intelligence through the present study, as well as through the development of INFOCOMM,[118] an Internet portal on commodity issues, containing, for each commodity, information on production and marketing chains as well as institutional and economic data.

[117] The role of farmers associations in agriculture finance is presented in UNCTAD (2002).
[118] See Infocomm: http://www.unctad.org/infocomm/anglais/banana/sitemap.htm.

Statistical Annex 1: Fifteen major banana producer countries (production in thousand tons and percentage of total)

	1961	1965	1970	1975	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	per cent of production exported in 2000
India	2257	3271	2897	3409	4354	5390	7153	7853	8523	9945	10686	10182	10299	12642	12425	15100	16000	16000	**0.1**
	10.50	**12.26**	**9.12**	**10.76**	**11.78**	**13.45**	**15.24**	**16.18**	**16.63**	**18.71**	**18.99**	**18.04**	**18.63**	**20.89**	**21.34**	**23.44**	**23.69**	**23.31**	
Ecuador	2597	3304	2911	2544	2269	1970	3055	3525	3995	4422	5086	5403	5727	7494	5463	6392	6477	7561	**60.9**
	12.08	**12.39**	**9.16**	**8.03**	**6.14**	**4.91**	**6.51**	**7.26**	**7.79**	**8.32**	**9.04**	**9.58**	**10.36**	**12.38**	**9.39**	**9.92**	**9.59**	**11.01**	
Brazil	2823	3625	5126	3782	4660	5008	5726	5762	5849	5803	5955	5801	5160	5412	5322	5528	6079	5744	**1.2**
	13.13	**13.59**	**16.13**	**11.94**	**12.60**	**12.49**	**12.20**	**11.87**	**11.41**	**10.92**	**10.58**	**10.28**	**9.34**	**8.94**	**9.14**	**8.58**	**9.00**	**8.37**	
China	178	605	628	362	276	830	1657	2178	2647	2913	3082	3298	2677	3097	3734	4407	5140	5393	**1.0**
	0.83	**2.27**	**1.98**	**1.14**	**0.75**	**2.07**	**3.53**	**4.49**	**5.16**	**5.48**	**5.48**	**5.84**	**4.84**	**5.12**	**6.41**	**6.84**	**7.61**	**7.86**	
Philippines	1041	960	1311	2065	4093	3705	2913	2951	3005	3069	3283	3499	3312	3774	3493	4571	4930	5061	**32.5**
	4.84	**3.60**	**4.13**	**6.52**	**11.07**	**9.24**	**6.21**	**6.08**	**5.86**	**5.77**	**5.84**	**6.20**	**5.99**	**6.23**	**6.00**	**7.09**	**7.30**	**7.37**	
Indonesia	800	950	1780	1897	1977	1909	2411	2472	2651	2644	3087	3805	3023	3057	3177	3376	3747	3600	**0.1**
	3.72	**3.56**	**5.60**	**5.99**	**5.35**	**4.76**	**5.14**	**5.09**	**5.17**	**4.97**	**5.49**	**6.74**	**5.47**	**5.05**	**5.46**	**5.24**	**5.55**	**5.24**	
Costa Rica	398	516	1146	1221	1108	1008	1740	1720	1920	1500	2000	2300	2400	2300	2500	2420	2250	2270	**83.7**
	1.85	**1.94**	**3.61**	**3.85**	**3.00**	**2.51**	**3.71**	**3.54**	**3.75**	**2.82**	**3.55**	**4.08**	**4.34**	**3.80**	**4.29**	**3.76**	**3.33**	**3.31**	
Mexico	647	1035	965	1195	1438	1996	1986	1889	2095	2207	2295	2033	2210	1714	1526	1738	1863	1977	**4.3**
	3.01	**3.88**	**3.04**	**3.77**	**3.89**	**4.98**	**4.23**	**3.89**	**4.09**	**4.15**	**4.08**	**3.60**	**4.00**	**2.83**	**2.62**	**2.70**	**2.76**	**2.88**	
Thailand	646	1173	1200	1300	1550	1580	1613	1620	1630	1650	1700	1750	1750	1700	1720	1720	1720	1720	**0.4**
	3.00	**4.40**	**3.78**	**4.10**	**4.19**	**3.94**	**3.44**	**3.34**	**3.18**	**3.10**	**3.02**	**3.10**	**3.17**	**2.81**	**2.95**	**2.67**	**2.55**	**2.51**	
Burundi	1000	1140	1197	1263	1100	1384	1547	1586	1626	1586	1487	1421	1544	1543	1399	1511	1514	1549	**0.0**
	4.65	**4.27**	**3.77**	**3.99**	**2.98**	**3.45**	**3.30**	**3.27**	**3.17**	**2.98**	**2.64**	**2.52**	**2.79**	**2.55**	**2.40**	**2.35**	**2.24**	**2.26**	
Colombia	572	653	780	1050	1030	1200	1329	1606	1714	1893	1930	1598	1491	1607	1517	1650	1651	1380	**92.3**
	2.66	**2.45**	**2.46**	**3.31**	**2.79**	**2.99**	**2.83**	**3.31**	**3.34**	**3.56**	**3.43**	**2.83**	**2.70**	**2.66**	**2.61**	**2.56**	**2.44**	**2.01**	
Viet Nam	360	410	465	480	895	1080	1221	1286	1366	1398	1375	1282	1319	1316	1315	1288	1125	1126	**0.4**
	1.67	**1.54**	**1.46**	**1.51**	**2.42**	**2.69**	**2.60**	**2.65**	**2.66**	**2.63**	**2.44**	**2.27**	**2.39**	**2.17**	**2.26**	**2.00**	**1.67**	**1.64**	
Venezuela	753	825	968	860	890	989	1167	1215	1239	1116	1193	945	1026	1123	948	1000	1100	1050	**2.7**
	3.50	**3.09**	**3.05**	**2.71**	**2.41**	**2.47**	**2.49**	**2.50**	**2.42**	**2.10**	**2.12**	**1.67**	**1.86**	**1.85**	**1.63**	**1.55**	**1.63**	**1.53**	
Uganda	200	200	332	330	369	430	560	570	560	570	580	580	590	590	595	895	943	973	**0.2**
	0.93	**0.75**	**1.04**	**1.04**	**1.00**	**1.07**	**1.19**	**1.17**	**1.09**	**1.07**	**1.03**	**1.03**	**1.07**	**0.97**	**1.02**	**1.39**	**1.40**	**1.42**	
Cameroon	154	135	190	300	550	759	719	800	850	900	950	980	986	800	730	750	730	850	**28.2**
	0.72	**0.51**	**0.60**	**0.95**	**1.49**	**1.89**	**1.53**	**1.65**	**1.66**	**1.69**	**1.69**	**1.74**	**1.78**	**1.32**	**1.25**	**1.16**	**1.08**	**1.24**	
World	**21500**	**26669**	**31776**	**31689**	**36970**	**40088**	**46923**	**48539**	**51262**	**53150**	**56265**	**56427**	**55269**	**60529**	**58211**	**64422**	**67545**	**68651**	

Source: FAO.

Statistical annex 2. Geographical distribution of gross banana exports and main exporting areas (thousand tons and percentages for exporting areas)

	1961	1965	1970	1975	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	per cent of world exports in 2000	per cent of production exported in 2000*
World	**3978.6**	**4705.9**	**5730.9**	**6333.4**	**6886.3**	**6735.2**	**8660.6**	**9 563.7**	**9 631.6**	**10 417.6**	**10 952.2**	**11 433.6**	**11 638.6**	**12 071.9**	**11 547.2**	**11 685.1**	**11 700.1**		
Latin America & Caribbean	**3200.9**	**3623.9**	**4676.4**	**4740.1**	**5288.4**	**5299.1**	**7472.3**	**8 232.6**	**8 423.9**	**8 838.8**	**9 309.6**	**9 683.3**	**9 764.2**	**10 335.5**	**9 827.5**	**9 728.4**	**9 442.1**		
	80.45	***77.01***	***81.60***	***74.84***	***76.80***	***78.68***	***86.28***	***86.08***	***87.46***	***84.85***	***85.00***	***84.69***	***83.89***	***85.62***	***85.11***	***83.26***	***80.70***		
South America																			
Ecuador	985.3	1200.0	1246.3	1384.5	1290.6	1075.0	2188.5	2 667.6	2 416.1	2 581.5	3 307.6	3 736.5	3 840.4	4 456.3	3 855.6	3 935.2	3 942.4	***33.70***	**60.9**
Colombia	205.6	253.5	261.9	371.7	691.6	783.0	1067.5	1 269.7	1 356.0	1 502.4	1 572.0	1 335.6	1 406.5	1 509.3	1 433.4	1 649.7	1 524.0	***13.03***	**92.3**
Central America																			
Costa Rica	230.1	316.0	856.0	1105.1	973.2	835.8	1544.4	1 537.8	1 749.3	1 833.3	1 874.6	2 033.3	1 933.3	1 835.3	2 101.1	2 112.6	1 883.3	***16.10***	**83.7**
Guatemala	157.5	34.7	200.4	242.4	370.6	362.3	340.0	339.6	502.9	431.8	587.9	635.5	611.2	658.8	793.3	623.4	801.3	***6.85***	**95.3**
Panama	271.0	334.7	600.1	496.0	504.2	685.0	776.2	720.4	742.1	708.4	756.6	692.9	634.0	601.7	463.4	593.4	537.8	***4.60***	**66.6**
Honduras	425.7	561.4	799.2	363.1	972.9	844.4	830.4	850.0	784.0	831.4	445.6	521.6	573.7	558.2	501.9	108.9	150.4	***1.29***	**32.1**
Belize	0.3	2.0	0.2	0.3	15.0	10.9	32.8	25.1	35.8	42.9	53.4	52.1	64.8	63.0	60.0	65.0	68.6	***0.59***	**81.6**
Nicaragua	1.3	8.0	5.6	134.0	120.5	89.0	72.0	111.0	61.0	24.6	27.1	54.3	78.2	69.8	63.4	57.2	45.5	***0.39***	**80.1**
Caribbean																			
Jamaica	124.8	182.9	136.4	68.1	33.1	12.5	62.7	75.3	76.7	76.8	78.6	85.2	86.0	79.1	61.9	52.2	42.0	***0.36***	**32.3**
Winward Islands	100.7	180.5	123.3	85.0	74.0	156.5	277.5	224.6	274.6	251.7	169.9	193.3	193.6	137.0	142.5	134.7	121.3	***1.04***	
Saint Lucia	39.2	81.5	37.4	30.7	33.5	74.0	133.8	100.6	132.9	132.8	91.7	112.9	102.2	73.5	75.3	65.8	50.0	***0.43***	**67.4**
Saint Vincent /Grenadines	21.1	28.8	30.5	13.6	19.8	40.6	79.6	62.9	77.4	58.7	30.9	44.0	49.9	32.9	38.9	41.0	42.9	***0.37***	**99.1**
Dominica	28.4	49.2	36.2	27.6	8.2	33.9	56.6	54.2	58.0	55.5	42.8	32.3	39.5	34.9	28.1	27.3	27.7	***0.24***	**89.4**
Grenada	12.0	21.0	19.1	13.1	12.5	8.1	7.5	6.9	6.3	4.7	4.5	4.1	2.0	0.1	0.1	0.6	0.7	***0.01***	**15.1**
Dominican Republic	162.6	47.3	3.6	23.8	9.8	1.2	9.1	16.0	49.5	72.7	95.0	94.2	80.2	63.9	65.5	58.0	79.0	***0.68***	**44.3**
Suriname	1.1	13.6	25.1	38.3	34.0	37.3	27.4	27.7	29.9	29.0	33.3	33.8	26.6	28.8	23.0	39.5	40.0	***0.34***	**82.1**
Asia	**157.2**	**435.6**	**406.2**	**1013.4**	**1100.1**	**991.0**	**938.4**	**1 080.3**	**925.3**	**1 273.6**	**1 295.0**	**1 377.4**	**1 481.3**	**1 323.4**	**1 357.5**	**1 522.6**	**1 784.3**		
	3.95	***9.26***	***7.09***	***16.00***	***15.97***	***14.71***	***10.84***	***11.30***	***9.61***	***12.23***	***11.82***	***12.05***	***12.73***	***10.96***	***11.76***	***13.03***	***15.25***		
Philippines	0.2	0.0	106.8	822.7	922.7	789.3	839.8	941.8	821.7	1 153.5	1 155.2	1 213.4	1 270.5	1 153.6	1 149.6	1 319.6	1 599.9	***13.67***	**32.5**
China	87.6	356.4	238.3	122.8	100.6	135.3	52.2	79.0	78.9	69.6	61.6	47.3	57.2	52.1	72.9	57.3	50.2	***0.43***	**1.0**
Malaysia	17.9	20.8	21.2	23.6	23.5	27.2	34.0	32.0	11.5	15.0	20.7	35.4	27.2	26.1	27.9	39.3	22.0	***0.19***	**4.0**
Africa	**442.0**	**437.2**	**394.5**	**350.4**	**242.8**	**208.4**	**249.3**	**250.5**	**280.4**	**303.2**	**346.6**	**372.4**	**392.7**	**412.7**	**361.9**	**433.8**	**473.5**		
	11.11	***9.29***	***6.88***	***5.53***	***3.53***	***3.09***	***2.88***	***2.62***	***2.91***	***2.91***	***3.17***	***3.26***	***3.37***	***3.42***	***3.13***	***3.71***	***4.05***		
Côte d'Ivoire	91.8	128.3	140.5	135.5	122.0	107.7	94.2	116.2	148.6	173.0	156.5	173.1	192.5	190.5	193.0	218.6	217.3	***1.86***	**86.8**
Cameroon	139.7	119.1	49.9	74.2	64.9	50.4	74.7	112.3	120.0	120.0	175.0	171.0	166.2	179.4	132.0	165.0	206.0	***1.76***	**28.2**
Somalia	84.3	99.3	100.2	81.8	50.0	45.3	74.6	15.0	5.0	5.0	10.0	21.7	25.0	21.6	7.1	16.0			**0.0**

Source: FAO.

* Côte d´Ivoire data refer to 1999.

Statistical annex 3. Export dependence on bananas for major exporting countries (per centage of banana exports of the value of total agricultural products exports and of total exports)

	1961	1965	1970	1975	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Ecuador																	
Agricul. products, total	67.4	57.5	47.4	43.0	31.4	31.9	58.3	69.2	73.3	63.6	49.6	56.4	59.3	67.5	67.6	60.0	61.1
Total merchandise trade	61.3	53.2	37.7	14.2	7.9	6.4	17.0	24.8	21.5	18.0	18.0	18.7	19.8	24.9	25.2	21.2	16.7
Colombia																	
Agricul. products, total	4.0	4.5	3.0	2.9	3.1	6.9	13.3	16.0	16.1	17.9	14.3	12.9	14.4	12.5	12.6	15.6	16.5
Total mercha ndise trade	3.2	3.5	2.5	2.2	2.4	4.4	4.7	5.6	5.8	6.0	5.8	4.4	4.3	4.4	4.4	4.1	3.7
Costa Rica																	
Agricul. products, total	24.4	30.6	36.6	39.9	31.5	30.0	37.1	39.3	51.6	46.0	39.3	39.6	35.6	31.7	32.9	35.5	32.6
Total merchandise trade	22.0	25.3	28.9	29.2	20.7	20.9	21.9	23.9	28.3	17.9	27.6	26.5	23.0	19.9	20.9	24.3	23.1
Guatemala																	
Agricul. products, total	11.3	1.5	6.6	3.8	4.7	7.7	8.7	10.1	13.5	9.9	11.9	10.6	12.1	10.1	11.8	9.2	10.6
Total merchandise trade	10.4	1.3	4.7	2.7	3.3	6.1	6.0	6.7	8.6	6.2	7.6	7.2	7.0	6.3	7.4	5.4	6.2
Panama																	
Agricul. products, total	91.3	86.7	84.5	55.8	52.4	69.7	67.2	68.3	68.4	63.6	64.4	62.5	63.0	54.1	47.1	58.5	46.0
Total merchandise trade	66.4	44.3	56.5	25.9	29.3	42.5	47.8	43.4	41.2	39.5	36.5	33.0	32.5	27.8	19.7	25.8	20.1
Honduras																	
Agricul. products, total	67.6	52.3	57.6	36.9	36.9	47.6	55.8	54.4	59.0	43.7	25.7	22.5	28.3	22.8	15.6	8.5	17.1
Total merchandise trade	54.4	42.5	42.0	21.0	27.1	34.6	44.0	39.7	35.7	24.9	11.2	9.8	10.4	8.4	7.6	3.2	9.5
Belize																	
Agricul. products, total	0.1	0.7	0.0	0.1	5.2	6.8	10.9	10.3	11.1	14.4	16.9	19.5	23.0	21.6	22.1	22.2	22.8
Total merchandise trade	0.1	0.5	0.0	0.0	3.2	3.7	7.4	6.0	7.3	9.0	10.4	13.6	18.7	16.5	14.4	14.6	12.9
Nicaragua																	
Agricul. products, total	0.1	0.6	0.2	1.8	2.4	5.9	9.5	13.1	5.7	2.8	2.6	5.1	6.7	4.2	5.3	4.4	2.5
Total merchandise trade	0.1	0.5	0.1	1.3	1.9	5.3	7.0	10.0	4.3	1.7	1.7	2.5	3.3	2.1	2.8	2.6	1.6
Suriname																	
Agricul. products, total	1.5	17.9	25.0	10.6	11.4	17.5	27.3	27.8	22.8	21.1	24.2	25.0	16.7	20.8	25.0	35.2	35.0
Total merchandise trade	0.1	1.7	1.3	1.2	1.2	3.1	2.2	2.6	2.7	2.8	3.7	2.5	4.1	3.5	3.5	6.1	6.2
Jamaica																	
Agricul. products, to tal	18.1	19.4	18.2	7.4	8.0	3.1	17.0	19.4	16.7	14.1	18.9	15.8	14.3	14.8	12.5	9.9	7.7
Total merchandise trade	7.7	8.0	4.2	1.9	1.1	0.7	3.3	4.2	3.8	3.3	3.8	3.2	3.1	2.7	2.2	1.9	1.4
Saint Lucia																	
Agricul. products, total	69.4	87.1	67.7	71.9	54.6	87.0	86.2	84.5	88.7	86.6	84.0	87.3	89.7	85.3	83.4	84.6	83.2
Total merchandise trade	67.3	83.2	62.3	51.0	31.2	58.2	58.1	54.4	57.2	48.5	49.3	51.4	66.5	56.4	52.1	54.7	49.6
Saint Vincent/Grenadines																	
Agricul. products, total	49.5	53.7	66.5	50.5	48.9	32.3	73.7	69.4	66.0	56.0	47.9	54.8	56.0	41.7	52.0	53.6	50.5
Total merchandise trade	45.6	49.0	47.0	40.6	42.3	26.7	53.8	55.0	53.2	44.5	33.2	41.2	39.7	31.3	42.1	36.8	32.9
Dominica																	
Agricul. products, total	72.8	78.6	77.6	63.1	71.1	78.8	85.8	85.2	83.0	79.4	78.7	70.3	69.7	63.5	59.4	64.3	62.7
Total merchandise trade	65.6	59.6	67.9	35.6	31.1	46.9	55.9	58.2	57.1	52.0	44.5	37.3	32.2	32.9	23.6	23.3	21.4
Grenada																	
Agricul. products, total	26.2	21.5	23.1	27.6	26.4	23.0	23.7	25.9	24.3	15.7	20.4	13.4	4.6	0.2	0.2	0.6	0.9
Total merchandise trade	25.3	20.9	21.1	23.0	23.7	16.0	16.2	17.3	14.4	8.9	9.8	8.3	3.0	0.1	0.1	0.3	0.4

Statistical annex 3. Export dependence on bananas for major exporting countries (per centage of banana exports of the value of total agricultural products exports and of total exports) cont'd

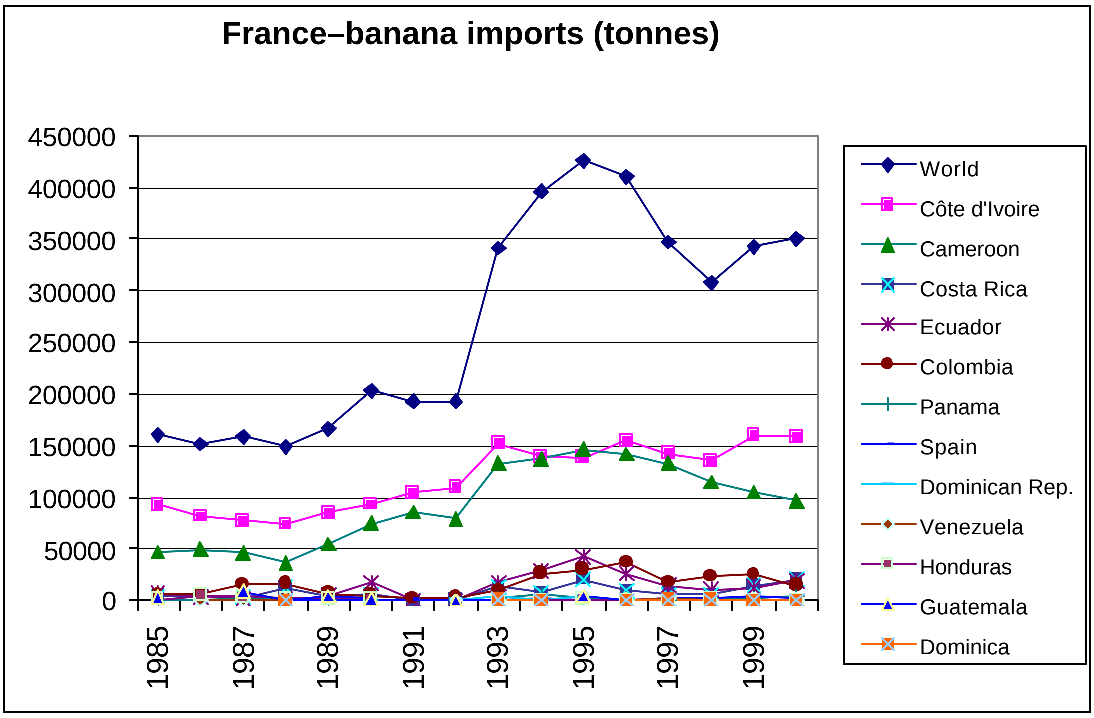
	1961	1965	1970	1975	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Philippines																	
Agricul. products, total	0.0	0.0	1.3	5.7	5.8	9.8	12.1	13.5	11.4	16.6	14.9	11.9	13.5	12.0	12.6	17.7	18.9
Total merchandise trade	0.0	0.0	0.5	3.2	2.0	2.5	1.8	1.9	1.6	2.0	1.6	1.3	1.2	0.9	0.7	0.7	0.7
China																	
Agricult. products, total	3.2	5.6	2.8	0.8	0.6	0.7	0.3	0.5	0.4	0.3	0.3	0.2	0.3	0.2	0.3	0.3	0.3
Total merchandise Trade	0.8	2.1	0.9	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Malaysia																	
Agricult. products, total	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2
Total merchandise Trade	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Côte d'Ivoire																	
Agricult. products, total	5.2	6.1	4.0	1.9	2.5	1.5	1.7	2.4	3.0	4.1	3.8	3.7	3.6	2.8	2.6	3.1	3.6
Total merchandise trade	3.7	4.1	2.8	1.2	1.6	1.1	0.9	1.3	1.5	2.4	2.0	2.1	2.1	1.6	1.6	1.6	1.7
Cameroon																	
Agricult. products, total	11.5	7.6	1.6	1.9	0.8	0.4	6.0	15.0	12.6	7.2	15.6	13.5	10.2	10.6	0.0	0.0	11.8
Total merchandise Trade	9.2	5.5	1.2	1.4	0.4	0.2	1.6	2.7	2.4	0.9	3.7	4.6	3.6	2.7	0.0	0.0	3.0
Somalia																	
Agricult. products, total	50.9	47.6	29.3	12.9	8.8	13.4	34.8	12.3	2.7	2.8	4.9	11.7	11.3	9.0	10.5	15.4	10.9
Total merchandise Trade	48.0	45.6	27.8	12.3	8.2	12.4	17.1	5.5	1.4	1.5	2.6	6.9	7.3	7.2	3.0	5.3	5.3

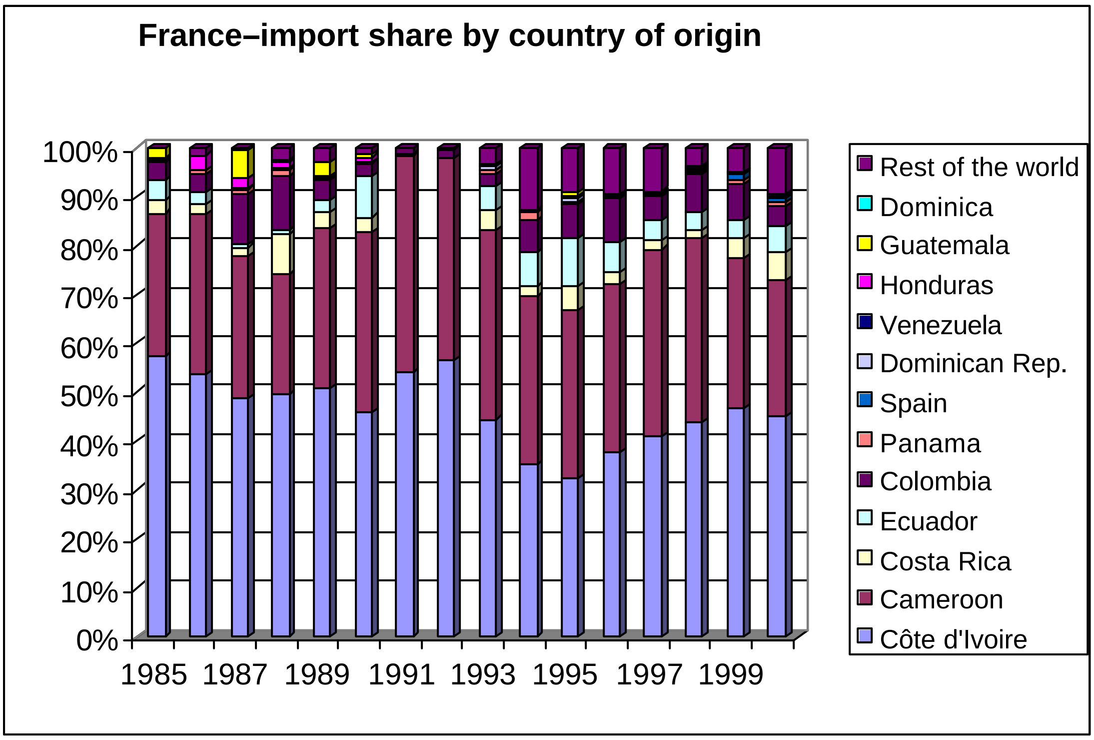
Statistical annex4. Geographical distribution of net banana imports (thousand tons and percentage of world imports)

	1961	1965	1970	1975	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
World	**3926.3**	**4681.6**	**5584.9**	**6279.6**	**6679.9**	**7014.8**	**7845.9**	**8 786.6**	**9 412.4**	**9 643.7**	**10 150.7**	**10 522.2**	**10 954.4**	**11 554.1**	**11 187.2**	**11 932.5**	**12 842.9**
United States of America	1565.4	1565.3	1846.1	1966.7	2422.8	2971.0	3094.2	3 229.0	3 531.2	3 513.1	3 694.0	3 663.8	3 777.0	3 772.7	3 913.3	4 295.3	4 030.6
	39.9 %	**33.4 %**	**33.1 %**	**31.3 %**	**36.3 %**	**42.4 %**	**39.4 %**	**36.7 %**	**37.5 %**	**36.4 %**	**36.4 %**	**34.8 %**	**34.5 %**	**32.7 %**	**35.0 %**	**36.0 %**	**31.4 %**
European Union (15)	1606.2	2035.7	2012.6	2269.0	2124.5	2248.2	2984.7	3 237.0	3 411.0	3 307.8	3 177.0	3 169.1	3 270.4	3 155.2	3 042.0	3 197.8	3 284.8
	40.9 %	**43.5 %**	**36.0 %**	**36.1 %**	**31.8 %**	**32.1 %**	**38.0 %**	**36.8 %**	**36.2 %**	**34.3 %**	**31.3 %**	**30.1 %**	**29.9 %**	**27.3 %**	**27.2 %**	**26.8 %**	**25.6 %**
Japan	74.0	357.6	843.9	894.1	726.1	680.0	757.5	803.3	777.2	913.3	929.4	873.8	818.8	885.1	864.9	983.2	1078.7
	1.9 %	**7.6 %**	**15.1 %**	**14.2 %**	**10.9 %**	**9.7 %**	**9.7 %**	**9.1 %**	**8.3 %**	**9.5 %**	**9.2 %**	**8.3 %**	**7.5 %**	**7.7 %**	**7.7 %**	**8.2 %**	**8.4 %**
China	0.0	0.0	0.0	10.0	0.0	40.0	13.7	9.4	20.5	29.6	93.1	159.8	512.8	546.9	539.1	431.7	593.5
	0.0 %	**0.0 %**	**0.0 %**	**0.2 %**	**0.0 %**	**0.6 %**	**0.2 %**	**0.1 %**	**0.2 %**	**0.3 %**	**0.9 %**	**1.5 %**	**4.7 %**	**4.7 %**	**4.8 %**	**3.6 %**	**4.6 %**
Russian Federation									13.1	19.0	381.7	504.0	308.6	884.0	477.1	377.9	453.5
									0.1 %	**0.2 %**	**3.8 %**	**4.8 %**	**2.8 %**	**7.7 %**	**4.3 %**	**3.2 %**	**3.5 %**
Canada	164.2	167.0	199.4	212.4	245.8	285.0	340.8	355.4	379.5	383.1	386.1	399.6	408.2	417.4	416.4	419.5	398.9
	4.2 %	**3.6 %**	**3.6 %**	**3.4 %**	**3.7 %**	**4.1 %**	**4.3 %**	**4.0 %**	**4.0 %**	**4.0 %**	**3.8 %**	**3.8 %**	**3.7 %**	**3.6 %**	**3.7 %**	**3.5 %**	**3.1 %**
Argentina	211.8	190.6	164.3	134.3	195.2	89.2	73.1	112.8	145.4	214.7	247.1	201.8	248.4	220.1	243.4	294.0	339.4
	5.4 %	**4.1 %**	**2.9 %**	**2.1 %**	**2.9 %**	**1.3 %**	**0.9 %**	**1.3 %**	**1.5 %**	**2.2 %**	**2.4 %**	**1.9 %**	**2.3 %**	**1.9 %**	**2.2 %**	**2.5 %**	**2.6 %**
Poland	1.8	1.3	2.6	10.5	46.7	0.0	24.1	151.5	184.6	144.6	177.9	244.5	255.9	269.6	301.7	347.6	285.1
	0.0 %	**0.0 %**	**0.0 %**	**0.2 %**	**0.7 %**	**0.0 %**	**0.3 %**	**1.7 %**	**2.0 %**	**1.5 %**	**1.8 %**	**2.3 %**	**2.3 %**	**2.3 %**	**2.7 %**	**2.9 %**	**2.2 %**
Chile	17.2	28.2	76.4	38.9	86.7	32.2	63.4	60.2	84.8	138.8	147.9	144.9	150.7	136.7	134.7	154.8	192.6
	0.4 %	**0.6 %**	**1.4 %**	**0.6 %**	**1.3 %**	**0.5 %**	**0.8 %**	**0.7 %**	**0.9 %**	**1.4 %**	**1.5 %**	**1.4 %**	**1.4 %**	**1.2 %**	**1.2 %**	**1.3 %**	**1.5 %**
Korea, Republic of	0.6	0.1	2.8	5.7	14.6	0.8	21.8	314.7	171.2	146.0	138.4	121.5	123.9	135.7	85.9	167.8	184.2
	0.0 %	**0.0 %**	**0.1 %**	**0.1 %**	**0.2 %**	**0.0 %**	**0.3 %**	**3.6 %**	**1.8 %**	**1.5 %**	**1.4 %**	**1.2 %**	**1.1 %**	**1.2 %**	**0.8 %**	**1.4 %**	**1.4 %**

Source: FAO.

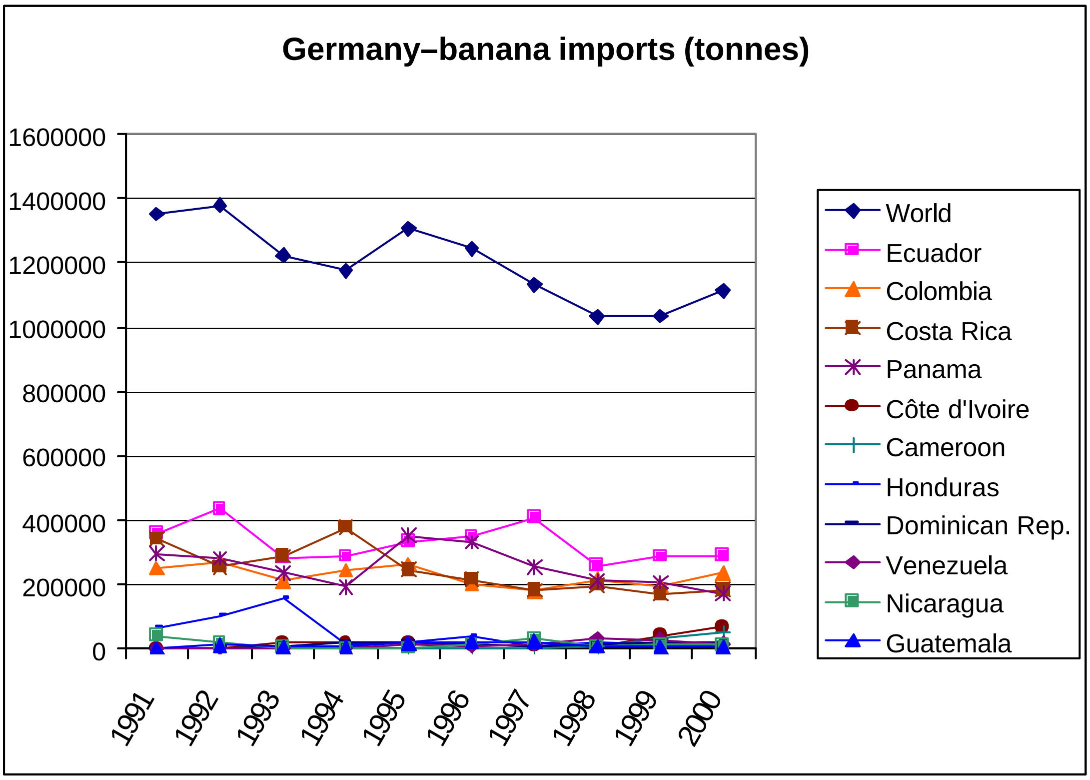
ANNEX 5 BANANA IMPORT PATTERNS FOR SOME REPRESENTATIVE EU COUNTRIES

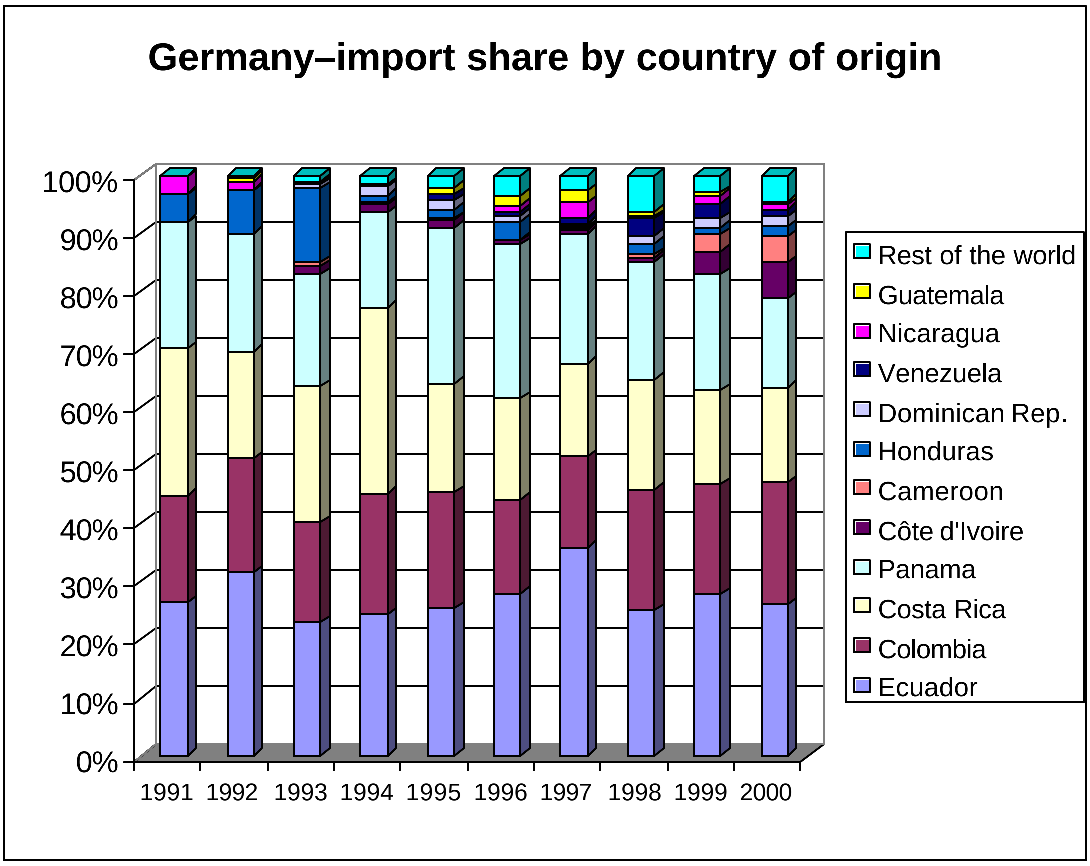




Source: COMTRADE.

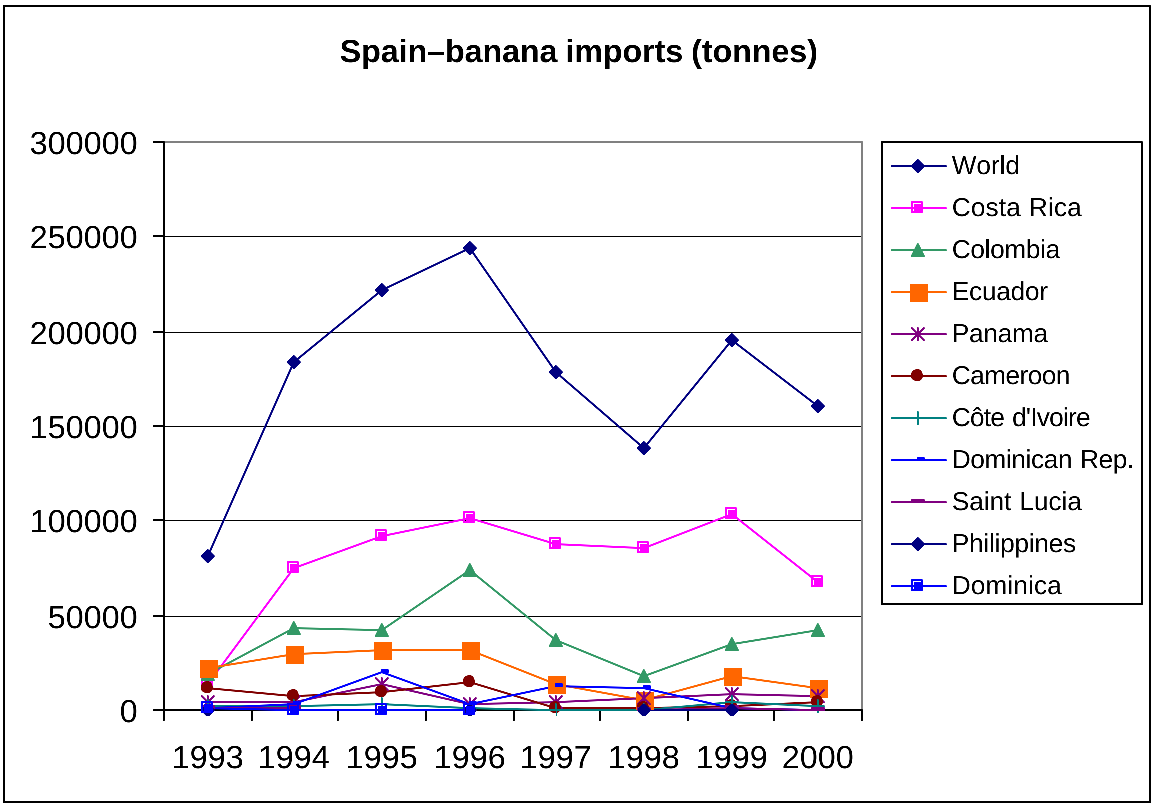
ANNEX 5 BANANA IMPORT PATTERNS FOR SOME REPRESENTATIVE EU COUNTRIES cont'd

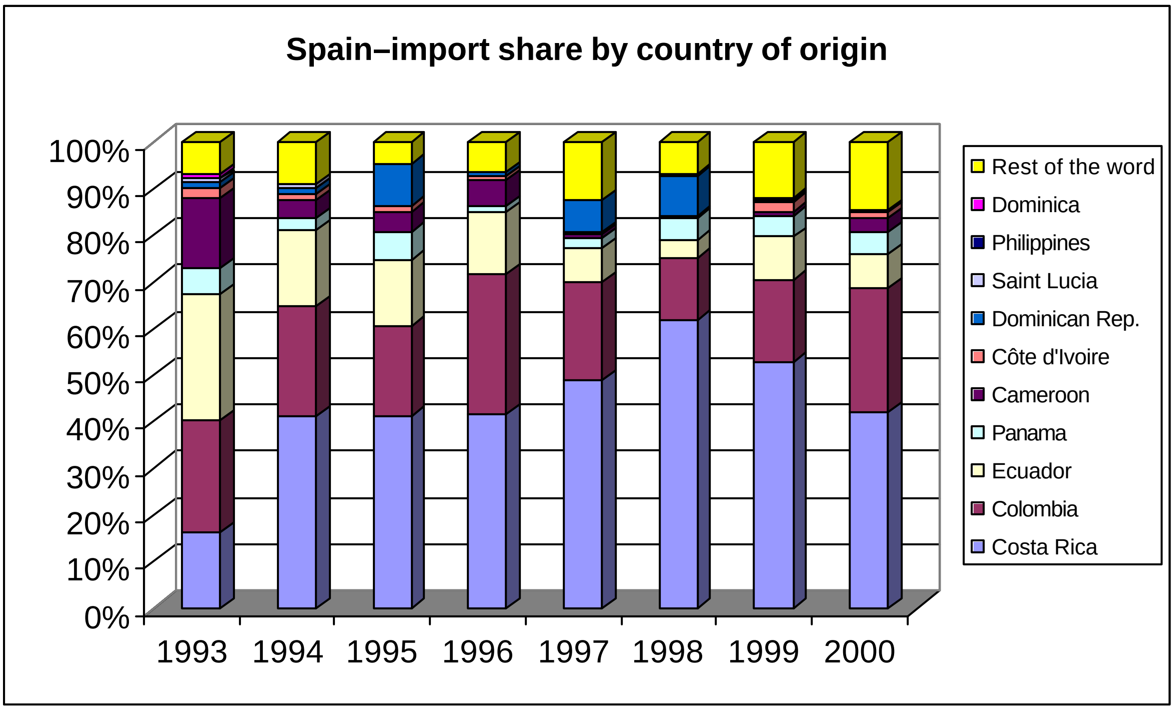




Source: COMTRADE.

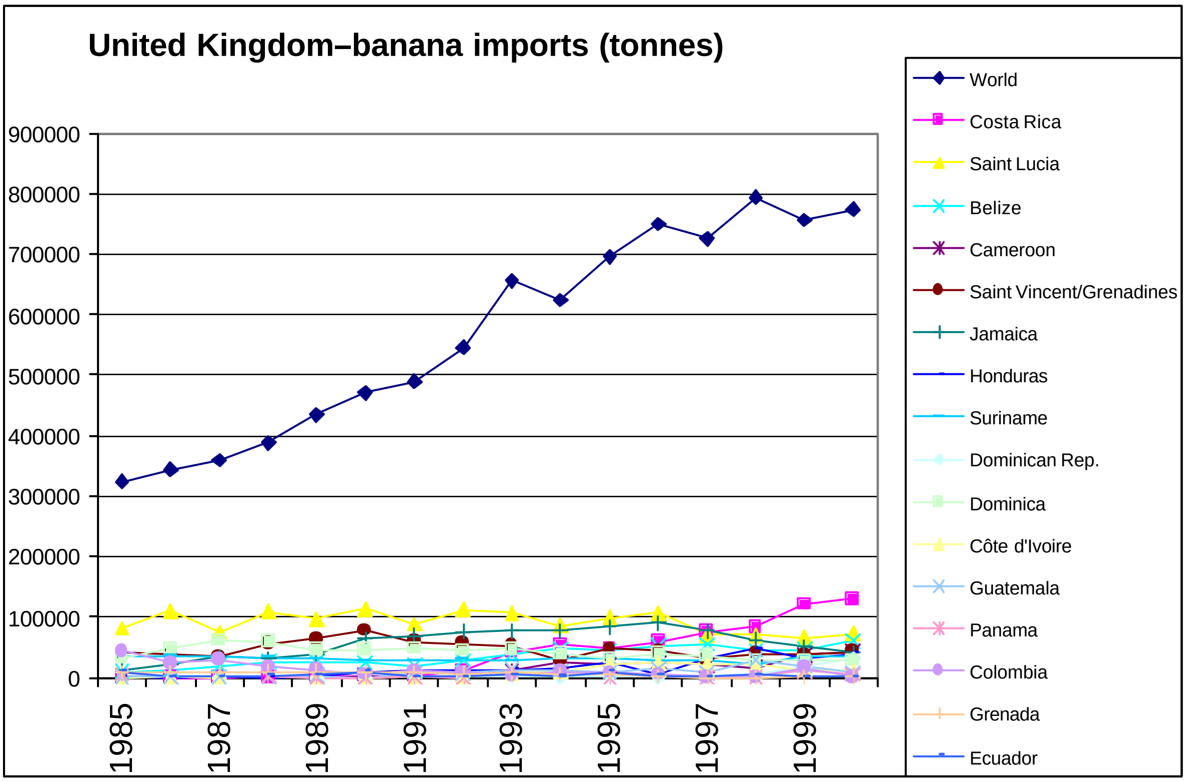
ANNEX 5 BANANA IMPORT PATTERNS FOR SOME REPRESENTATIVE EU COUNTRIES cont'd

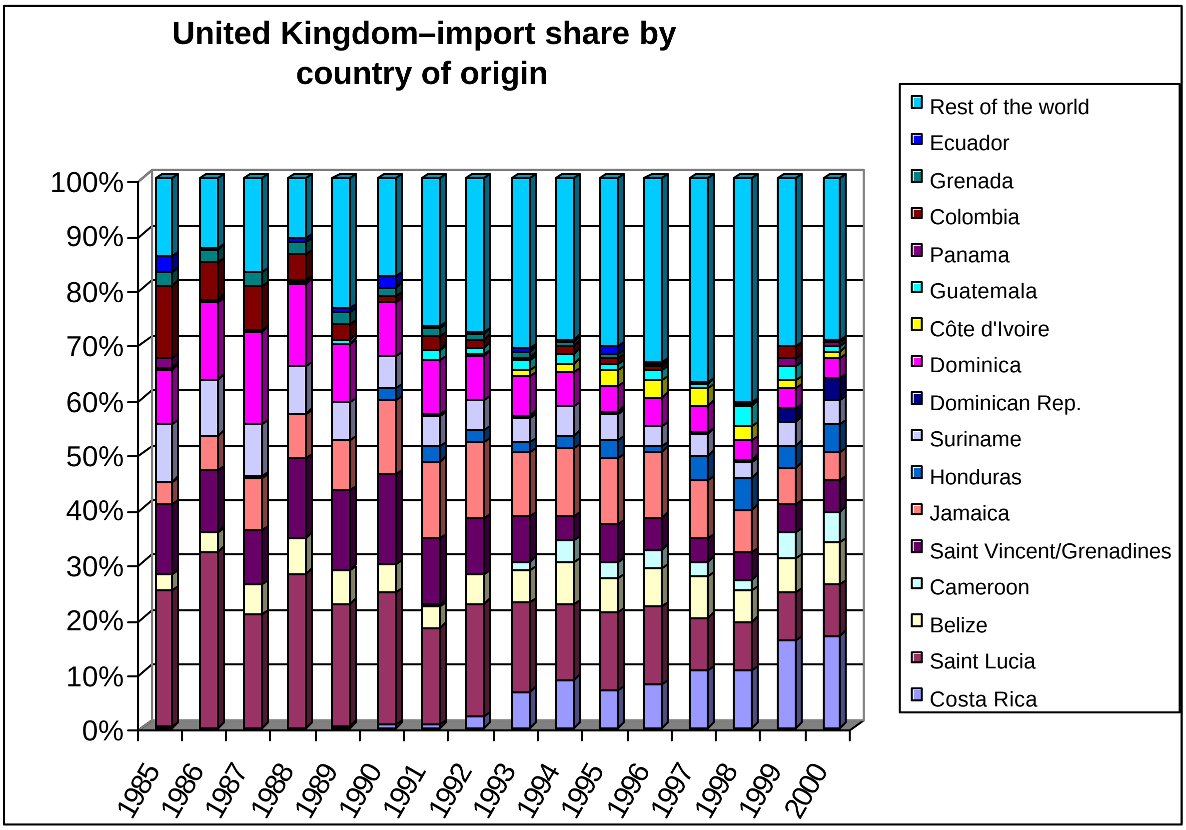




Source: COMTRADE.

ANNEX 5 BANANA IMPORT PATTERNS FOR SOME REPRESENTATIVE EU COUNTRIES (cont'd)





Source: COMTRADE

Annex II

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Annex III

Links to relevant Internet sites for bananas

INFOCOMM, Market information in the Commodities Area, UNCTAD:
http://www.unctad.org/infocomm

FAO Intergovernmental Group on Bananas and Tropical Fruits:
http://www.fao.org/ES/ESC/esce/ESCR/BANANAS/bane.htm

FAOSTAT Database: http://apps.fao.org/

International Network for the Improvement of Banana and Plantain, INIBAP: http://www.inibap.org/

Sopisco News: http://www.sopisco.com/sopisconews/default.htm

Banana Link: http://www.bananalink.org.uk/

Fruitrop: http://www.cirad.fr/publications/revues/fruitrop/fruitrop.html

The Global Fresh Produce Portal, Fruitnet: http://www.fruitnet.com/

Base de Datos UPEB (Union of Banana Exporting Countries): http://orton.catie.ac.cr/UPEB.htm

Caribbean Banana Exporters Association: http://www.cbea.org/

CTA Technical Centre for Agricultural and Technical Cooperation ACP-EU:
http://www.agricta.org/agritrade/bananas/index.htm

International Banana Association: http://www.eatmorebananas.com/

The Banana Group: http://www.thebananagroup.uk.net/

Produce Marketing Association: http://www.pma.com

European Fresh Produce Association: http://www.cimo.be/

Euro Retailer Produce Working Group (EUREP): http://www.eurep.org/sites/index_e.html

Agricultural Information System, Ministry of Agriculture and Livestock, Ecuador:
http://www.sica.gov.ec/ingles/cadenas/banano/index.html

Colombian Banana Growers Association, Augura : http://www.augura.com.co

Agrocadenas Colombia: http://www.agrocadenas.gov.co/home.htm

Corporación Bananera Nacional, Costa Rica: http://www.corbana.co.cr/

Dirección Nacional del Banano Panamá: http://www.mici.gob.pa/conbanano.html

Windward Bananas (Geest): http://www.geest-bananas.co.uk/

WIBDECO (Windward Islands Banana Development Corporation): http://www.wibdeco.org/

Dominica Banana Marketing Corporation: http://www.dbmc-dm.com/index.html

St. Lucia Banana Industry-Ministry of Agriculture:
http://www.slumaffe.org/Agriculture/Extension_Services/Green_Gold/green_gold.html

Philippines-Department of Agriculture (Agribusiness and Marketing Assistance Service):
http://www.philonline.com.ph/~webdev/da-amas/banana.html

European Union: http://europa.eu.int

United States Department of Agriculture (USDA): http://www.usda.gov

World Trade Organization: http://www.wto.org

Chiquita Brands International: http://www.chiquita.com

United Fruit Historical Society: http://www.unitedfruit.org/index.html

Dole Food Company: http://www.dole.com

Fresh Del Monte: http://www.freshdelmonte.com

Fyffes: http://www.fyffes.com/home/

Noboa: http://www.noboacorp.com.ec/

FLO (Fair Trade Labelling Organizations) International: http://www.fairtrade.net/

The Fair Trade Foundation: http://www.fairtrade.org.uk

Max Havelaar: http://www.maxhavelaar.org

Artisans du Monde: http://www.artisansdumonde.org/bananes.htm

European Fairtrade Association : http://www.eftafairtrade.org

Network of European World Shops :
http://www.worldshops.org/activities/foodforthought/bananas.htm

Banafair: http://www.banafair.de/

Euroban (Banana Action Net): http://bananas.agoranet.be/

IFOAM, International Federation of Organic Agriculture Movements: http://www.ifoam.org

Ethical Trading Initiative: http://www.eti.org.uk/pub/resources/latinam/costarica-intro/index.shtml

Natural Resources Institute (Natural Resources and Ethical Trade):
http://www.nri.org/NRET/bananas.htm

Fruit and Vegetable Project: http://www.fruitveg.com/uk/

Five a day: http://www.5aday.com.