

World Banana Forum

1. Description

Mission and objectives

The World Banana Forum is a permanent space of assembly for participants representing the global banana sector. It aims to promote open dialogue on the social, economic and environmental challenges facing the sector and to work together to find sustainable solutions.

The Forum strives towards a world where:

- **Banana production and trade** are environmentally healthy, socially just and economically viable.
- Each stakeholder in the value chain, from the producer to the retailer, receives a **fair price**, which covers their costs and ensures a reasonable profit margin.
- All stakeholders, including subcontractors, respect the fundamental **international labour conventions** and pay a **living wage**.
- The **impacts of banana production on the environment** are fully understood, quantified and optimised.
- **Consumers** are supplied with good quality bananas and they understand the need to pay an adequate price that guarantees sustainable livelihoods for all stakeholders in the value chain.
- Diverging opinions and interests within the sector are resolved through **dialogue** and **collaboration**.

Scope

The Forum focuses on **bananas traded internationally** (including both dessert and cooking bananas), but ensures links and information exchanges with the scientific community and producer countries which are currently not major exporters.

The geographical scope is therefore global, and the Forum takes the whole life-cycle of the banana from the plantation to the consumer as its scope.

Origins and lead agents

The origins of the Forum stem from a relationship-building process aimed at stakeholders in the sector led by a consortium of civil society organisations who represent unionised workers, small producers and consumers. In 2005, this consortium organised its second international banana conference on the topic of "Reversing the Race to the Bottom". During this conference a consensus emerged on the need to establish a permanent forum for multi-stakeholder dialogue in the sector.

Following a series of preparatory workshops and the creation, in January 2009, of a formal preparatory committee under the auspices of the FAO (composed of companies, governments and civil society organisations) the Forum was launched during an inaugural conference at the FAO Headquarters in December 2009. A multi-stakeholder steering committee was appointed and its secretariat was entrusted to the Trade and Markets Division of the FAO.

Today the Forum comprises representatives from producer organisations, workers' unions and other civil society organisations, fruit and retail companies, governments, and public and private research institutes. There are approximately 40 full members who finance a large part of the functioning of the Forum through their contributions.

Activities and results

The Forum's main activities are conducted by three permanent working groups within which value chain stakeholders develop practical recommendations for different areas, such as pesticide reduction, carbon and water footprint, occupational health and safety, gender equity, labour relations, sustainable production costs and a fair distribution of value.

The three working groups correspond to the three focuses of sustainable development – environmental, economic and social – as understood by the vast majority of stakeholders:

- Sustainable production and environmental impacts
- Distribution along the value chain
- Labour rights and other workplace issues

More specifically, the different working groups have developed or are in the process of developing:

- an internet portal on the production practices that reduce pesticide use,
- an international programme to face the threat of a new strain of the Panama disease (TR4),
- a calculation methodology for production costs,
- living wage levels for eight exporting countries,
- a practical approach to internalising external costs,
- a good practice guide on collective bargaining,
- a training manual on occupational health and safety,
- an assessment on women's employment in the industry.

In terms of governance, the challenge is to facilitate transition from a concept of limited responsibility, (where the responsibility of resolving problems rests with one stakeholder) to a concept of shared responsibility by all concerned stakeholders. Considering these problems, the economic stakeholders (workers, private or cooperative producers, exporters, importers, ripeners, retailers) and non-economic stakeholders (NGOs, governments, and researchers, amongst others) commit to jointly seeking solutions in the framework of the Forum. This represents a significant evolution for this sector, which in the past has never had structures that bring different stakeholders together.

Taking the example of purchasing prices and the relationship with living wages paid by producers, even if these are not directly linked, the Forum's framework and its approach to collective responsibility is seeking to generate public commitment by the major retailers, to:

- Pay suppliers prices that cover the costs of sustainable production, using Fairtrade International's minimum price as a reference for the countries concerned.
- Guarantee that all employees on plantations that exclusively supply retailers earn at least a living wage, using levels established within the Forum.

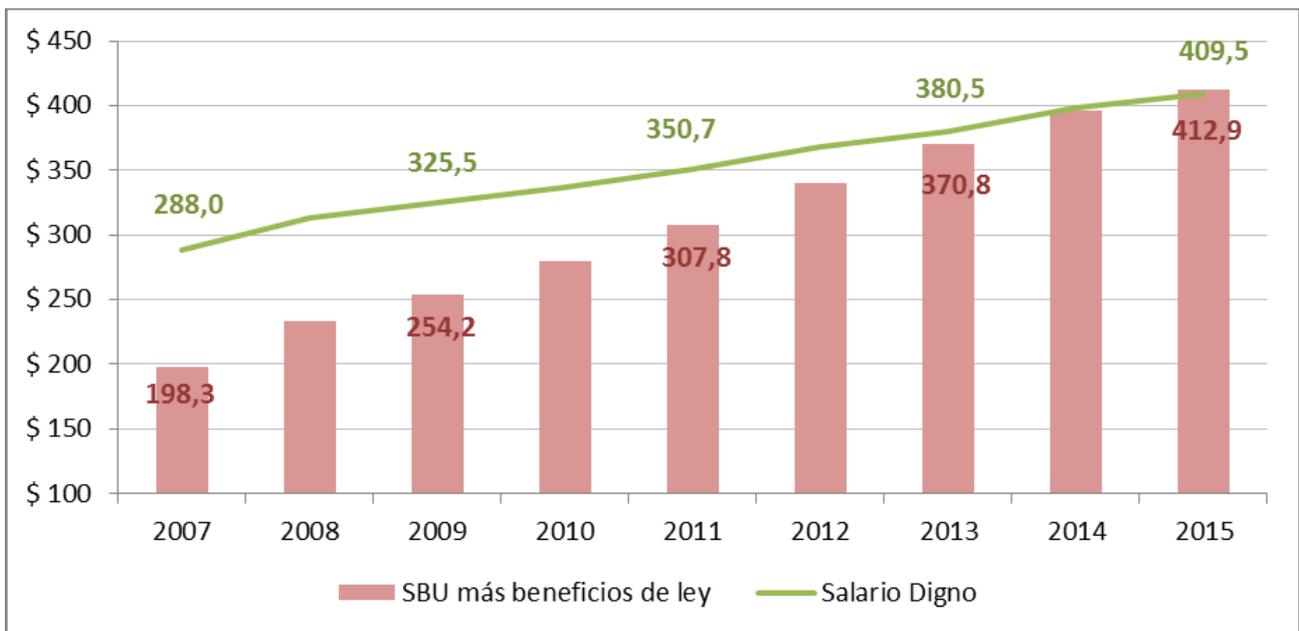
Although this is not an example of regulation as such, in the sense of a legally binding obligation, it shows the kind of result that can emanate from a new type of governance in the Forum.

The second example serves to provide input for the debate on new kinds of governmental regulations that could emerge in addition to these new forms of governance that can result from multi-stakeholder sector-based forums. The Ecuadorian government, the most active within the Forum, has introduced a new wage policy with the aim of the guaranteeing a living wage (or

“dignified wage” in Spanish) to all employees in the country, which includes 250,000 workers who are employed directly in the banana industry. Between 2007 and 2015, the government, in conjunction with employer representatives and trade unions, increased the national minimum wage in order to narrow the gap between the minimum wage and the living wage, which is defined as follows:

- The cost of a basket (of goods and services) published on a monthly basis by the government multiplied by the average number of persons employed per household.

**ECUADOR’S LEGAL MINIMUM WAGE
COMPARED TO COST OF BASKET OF BASIC GOODS AND SERVICES**



Legal minimum wage and living wage level, 2007-2015

Red boxes: legal minimum wage including obligatory remuneration of the 13th and 14th month.

Green line: living wage level adjusted for purchasing power parity (PPP).

This calculation methodology is also used by the World Banana Forum. In the transition to a minimum wage level that covers the cost of a shopping basket, the government has implemented measures to guarantee that employers pay all their employees living wages before distributing dividends to their shareholders. Sanctions are imposed if these measures are not respected.

From these two examples, it is possible to conclude that there is a potentially productive link between the results of collaboration within a non-binding multi-stakeholder framework and governmental action in terms of binding regulation.

The third example on the issue of wages in the banana industry, cited due to its exemplary nature in the guide on good collective bargaining practices published by the Forum, would complement a possible theoretical approach (*see graphic on next page*) on the capacity to work towards a new practical understanding of value chain governance. This approach concerns the model of sectoral collective bargaining, between employer organisations and agricultural workers’ unions in Colombia.

For over twenty years, every two or three years, these parties negotiate an industry-wide agreement comprising a chapter on salaries as well as clauses on working conditions and welfare benefits. The sector-wide agreement provides a framework for a series of collective bargaining agreements between the trade union and individual companies. The results of the bargaining thus apply to some 300 plantations at a national level.

Although there is indeed tension between the relatively high costs of production due to salaries and benefits that are well above the national minimum on the one hand, and buyers in extremely competitive markets such as Britain or Germany on the other, the sector so far has been able to defend its position in the global industry. Colombian producers are amongst the most active in the World Banana Forum, precisely because the framework allows them to explain the welfare and economic implications of their bananas and why their production costs are higher. In fact, the growing interest of retail stakeholders helps the Colombians to formulate new lines of argument to defend their 'comparative advantage', in this case in relation to the relatively positive socio-economic impacts of their production -and therefore the guarantee offered to buyers of ethical compliance)..

These three examples on raising workers' wages at the beginning of the chain could inspire a model representing the complementarity of new multi-stakeholder forms of governance, governmental regulations (brought about in part, as in the above example, by multi-stakeholder work) and regulations through collective bargaining between independent parties that is backed by national and international law.



2. Systemic dimension

What is the link between the local, national and international levels?

The dessert banana trade by its very nature is international. The majority of dessert bananas (over 80%) are produced for the North American, European, Japanese and Russian export markets. European overseas territories, mainly the Canary Islands and the French West Indies, are the only notable exceptions where there is trade towards the ‘metropolitan’ countries that is not technically international trade. The volumes sold on the national markets of the producing countries are minimal.

Value chains are therefore international, or rather intercontinental. This is a reality that is reflected by the internationalisation of the main economic stakeholders as well as in the Forum’s structure.

THE TEN LARGEST BANANA COMPANIES (2014)

<i>Name of company</i>	<i>Country of origin (location of HQ)</i>	<i>Main banana producing countries</i>	<i>Main consumer markets</i>
Chiquita-Cutrale	Brazil (United States)	Costa Rica, Guatemala, Honduras, Panama and the Philippines	North America, Europe and Japan
Fresh Del Monte	United Arab Emirates (United States)	Costa Rica, Guatemala and Philippines	North America, Europe and Japan
Dole Food	United States	Costa Rica, Ecuador, Honduras, Guatemala and Philippines	North America and Europe
Fyffes	Ireland	Colombia, Costa Rica, Dominican Republic and Belize	Europe
Grupo Hame	Guatemala	Guatemala	North America
Grupo Agroamérica	Guatemala	Guatemala, Ecuador	North America
Sumifru	Japan	Philippines	Japan
Grupo Acon	Costa Rica	Costa Rica	Europe and North America
Compagnie Fruitière	France	Ivory Coast, Cameroon and Ghana	Europe
Grupo Noboa	Ecuador	Ecuador	Europe, North America, Russia and Asia-Pacific

Source: Banana Link’s own estimates 2015.

Banana companies have experienced a rather significant “de-oligopolisation” process. At the beginning of the 1990s, the first four companies controlled about 80% of the global dessert banana trade. Today, they control around 50%. The rising power of the major national producer groups is partially linked to the purchasing policies of the world’s two largest retailers who have developed a direct sourcing strategy, thus reducing their dependency on the usual multinational fruit companies.

THE TEN LARGEST FOOD RETAILERS IN THE WORLD (2014)

<i>Name of retailer</i>	<i>Country of origin</i>	<i>Number of countries with stores</i>
Walmart	United States	27
Tesco	United Kingdom	12
Costco	United States	9
Carrefour	France	34
Kroger	United States	1
Lidl	Germany	22
Metro	Germany	31
Aldi	Germany	18
Target	United States	2
Aeon	Japan	10

Source : www.listovative.com

This change in trade relations between the major producers and buyers (retailers) has caused significant consequences with regard to the international links in banana value chains. It is clear that the balance of power has shifted in favour of retailers who continue to make significant profits on the food product that generates the most in terms of turnover, whereas most banana companies now struggle to generate profit margins. The time when major producing and trading companies fixed the price of bananas is long gone. The turnover of the ten largest fruit companies together equates to less than 10% of that of the second global retailer and just 2% of Walmart's turnover.

Nevertheless, the retailers depend on consumers who can influence the behaviour of companies that directly sell them bananas. The new model of direct sourcing means that the argument that these companies have no responsibility regarding what happens in supply chains is no longer valid. For example, these retailers now have direct trade relations with the employers of plantation workers. By shortening the supply chains, retailers have to accept that the impact of prices and other trade conditions directly influence the capacity for producers to respect social and environmental standards that they themselves demand from producers, on behalf of their consumers.

In important consumer countries, such as the United Kingdom, and increasingly Germany and the United States, retailers are feeling the pressure on their buying practices. Consumers increasingly expect the companies who sell them products to guarantee that these are produced in decent social, environmental and trade conditions. Proof of this is the significant growth of markets for certified products (such as Fairtrade and organic), particularly in the case of the banana market.

New stakeholders who are searching for their place in the ongoing reshaping of governance are emerging from this relatively recent situation. These stakeholders are auditors, often employed by retailers and certification bodies, from not-for-profit organisations as well as from the private for-profit sector. Through their missions to verify standards compliance, they establish linkages between production at local level (in plantations, packing plants and ports) and business customers at an international level. Other emerging stakeholders include sourcing managers who are often based at retailers' headquarters, but can also be deployed in producer countries.

Aside from these linkages that have been established through commercial and standard-setting activities in the value chains, linkages have also been established at local, national and international level by trade union organisations, producer organisations and non-governmental organisations.

Trade unions are often affiliated to national, regional and international trade union structures. These relational links are important within the Forum's multi-stakeholder framework and help to strengthen the voice of those who do not have as much economic power as for-profit stakeholders. In the case of banana value chains, the role of certain national trade union confederations and the International Trade Union Confederation is relevant to a type of governance that should include employees of fruit companies and producer associations. It is the Coordinating Body of Latin American Banana and Agro-industrial Workers' Unions (COLSIBA) that brings together almost all local trade union organisations in the sector at a continental level. COLSIBA has not only been one of the leaders in the creation of the World Banana Forum, but also in its ongoing work. The International Union of Food and Agricultural Workers (IUF), to which many local trade unions are affiliated, has also played a key role in the creation and the functioning of the Forum.

Furthermore, small producer organisations from various exporting countries, as well as some national producer associations (as long as they represent the collective view of a significant group of growers), represent stakeholders at a national level and can play a key role in the evolution towards new forms of governance. Producers' experiences in their trade relations as well as in their organisational activities should serve as a source of inspiration for governance models that are based on fairer relations between all stakeholders.

NGOs, both those in producing countries and consumer countries, can play an important role in the links between the different levels. The independence of NGOs from economic stakeholders in the value chain, and their ability to analyse and facilitate exchanges between small producers and/or workers, means that they can play several significant roles in the emergence of new forms of governance. However, it is vital that these organisations do not seek to substitute for worker and producer organisations, but rather strengthen their voice and help them participate in discussion spaces which could otherwise exclude them due to their lack of experience in working at an international level.

With regard to the World Banana Forum's structure, the links between stakeholders at local, national, continental and international level are, therefore, complex and partially defined by pre-existing trade, standard-setting and organisational (non-trade) relations. At present, the governance of the Forum as such remains within the hands of the international coordinating committee that is representative of the diversity of its members.

Until now, there have been no initiatives to build multi-stakeholder forums at a national level; however, it is likely that they are being developed. On the initiative of a German certification stakeholder, a forum of national importers, retailers and civil society organisations was created in 2014 with aim of formulating a charter and a national multi-stakeholder action plan, whilst encouraging German stakeholders to join the World Banana Forum. The World Banana Forum and the German forum are currently exploring the potential for a more structured relationship.

In Ecuador, this time at the government's initiative, round table discussions on the banana industry have recently been set up which could develop into an inclusive national space under the umbrella of the World Banana Forum.

In at least two countries that play a key role in international trade, there are moves which could lead to interesting developments in the linkages between the different levels and generate collective coherence between all the efforts towards a fairer and more sustainable industry.

What link is there between the social, environmental and economic dimensions?

The link between the three dimensions of sustainable development has been fundamental in the shaping of the World Banana Forum. Due to its historical origins that lie in its efforts to bring together various stakeholders at the initiative of a coalition of civil society organisations, the transition process towards a more sustainable industry was conceptualised around the importance of finding solutions to interlocking social, environmental and economic problems.

For Latin American workers' unions, small producer organisations and northern NGOs, who jointly organised two international banana conferences in 1998 and 2005, the ability to respond to social and environmental challenges is intrinsically linked to economic issues in the value chain. In essence, if stakeholders are to be able to implement appropriate solutions to the social and environmental dimensions (and that are sustainable over time), the required actions need to be financed by the value generated along the chain.

This scenario, of course, does not exclude more specific actions financed by other stakeholders (such as, governments, NGOs, and foundations). However, the key notion is that the total value in value chains as well as its distribution along the chain should enable the implementation of production and trade systems that do not depend on funding or donations from outside the industry in order to function sustainably and fairly. Given the current unequal distribution of value (wages, revenue, margins and profits), it has been deemed necessary to act not only on the social and environmental dimensions but also on economic issues, particularly on the distribution of value along the chain.

Aside from these basic concepts, it is evident that no problem is exclusively social or environmental or economic. For example, as soon as the question of the use of pesticides is raised, it is not only necessary to analyse the environmental impacts, but also the impacts on the health of workers and surrounding communities. These impacts are inseparable. The cost of pesticides, which accounts for a particularly high proportion of total production costs in the banana industry, is an economic issue, but which is inextricable from the other dimensions.

Taking the living wage example, it is clear that this problem falls both within the social and economic dimensions. Or, in the case of climate change, environmental impacts cannot be disassociated from the economic impacts on agricultural production.

Whilst other multi-stakeholder forums have a tendency to underplay, or avoid altogether, economic issues because they are seen particularly sensitive for many stakeholders, the World Banana Forum recognises the interrelatedness of the three dimensions in its quest for a sustainable and fair economy.

The three permanent working groups in the Forum reflect these three dimensions. Each group gives priority to one of the three, but due to the complex interrelation of all themes with two or three dimensions, there is a growing need to facilitate regular feedback on the work underway in one group to participants in another. For example, two of the working groups are involved in the co-management of the work programme on occupational health and safety, since the issue falls directly within the social dimension but also has an important environmental dimension.

A key issue which the Forum is currently addressing is that of "externalities". This issue reinforces the view that the three dimensions are indeed inseparable. The actual price of bananas does not include a series of social and environmental costs: for example, we could cite the cost to human

health or the contamination of water and soil. The challenge of internalising these externalities in prices along the value chain inevitably connects the three dimensions, and requires a holistic analysis by the economic stakeholders.

Hard law/soft law linkages

The Forum as such does not create binding laws. However, production is subject to the national laws of the countries concerned in the social and environmental fields. Collective bargaining agreements that are negotiated between workers' unions and the employers are protected by all national legislations. The current legislation in many countries on aerial pesticide spraying is another example of a legal constraint that must be respected in production. In spite of serious weaknesses in enforcing laws in certain countries, the increase in inspections by buyers, who want to ensure compliance with national laws, means that there is growing attention to enforcement.

Although the Forum does not seek to create binding laws, but rather encourages dialogue and stable relations between stakeholders, it does however encourage adherence to governmental regulations. The "peer pressure" generated by being part of the Forum means that it becomes increasingly difficult to accept instances where state regulations are not respected.

Commercial contracts between economic stakeholders are also of course subject to the laws of the countries in which they are signed. These have begun to include clauses on compliance with certain social and environmental standards, alongside the technical quality of the exported product.

Furthermore, certain civil society stakeholders foresee the possibility of proposing the negotiation of a macro multi-stakeholder framework agreement, with social, economic and environmental chapters. Even though such a comprehensive agreement on value chains would be unprecedented, it is far from impossible that such an instrument be seen as a natural consequence of a long process of *rapprochement* between the different stakeholders. A global agreement could include a combination of binding and recommended (non-binding) elements, given that the growing involvement of public authorities, namely governments of exporting countries, could help generate the political will to develop new laws that stem from recommendations of good practice reached through consensus amongst many stakeholders.

Capacity building of the most vulnerable stakeholders

The vast majority of capacity building work of stakeholders with the least funds to be able to participate permanently in the multi-stakeholder process takes place outside the framework of the Forum, that is to say bilaterally. The Secretariat has some limited funding, from members' contributions, which is used to pay for participation costs of the coordination committee meeting and international conferences. However, participation in the permanent working groups is either self-financed by organisations themselves, or by northern civil society organisations.

With regard to institutional support for these worker and small producer organisations, funding is secured through coalitions of trade unions and NGOs who spearheaded the process leading up to the creation of the World Banana Forum. These civil society organisations have a long history of cooperation with their counterparts in the South. Support takes the form of funding for training activities, for trade union organising, continental meetings and South-South exchanges. The majority of these funds originate from governmental cooperation funds through trade unions or NGOs, or from the resources of trade unions and NGOs themselves.

Small producer organisations have become increasingly autonomous in terms of their financing capacity, notably thanks to their participation in fair trade. The fact that they continue to survive in such a competitive global trade is predominantly because fair trade certification, with its minimum prices and premium system, has allowed them to reach a significant level of autonomy.

3. Governance

Participation and representativeness of stakeholders

The main active economic stakeholders in the production of export dessert bananas are well represented in the Forum. Six of the ten companies listed in the table above, with operations in about 15 countries, were members in 2015. Together, they are responsible for the production and trade for over half of the global market. Other producers of various sizes including small producers also participate, from Colombia, Ecuador, Panama, Peru, the Windward Islands, the Dominican Republic and Ghana. As for large-scale retailers, four companies are Forum members, two of which are the largest at a global level. The two others are the most important in the largest European market, that is, Germany.

Between 15 and 20% of the men and women employed by these companies (and others who are not currently members) are organised in trade unions at a local and/or national level. In Latin America, almost all unionised workers in the banana sector in Guatemala, Honduras, Nicaragua, Costa Rica, Panama, Colombia, Ecuador and Peru are formally represented by the Coordinating Body of Latin American Banana and Agro-industrial Workers' Unions (COLSIBA). However, they can also participate on behalf of their own local/national trade union. The leaders of the regional coordinating body and national leaders who participate in the Forum are appointed by their organisations and represent all of their members. Trade unions from the three main African exporting countries participate in the Forum, as does the International Union of Food and Agricultural Workers (IUF).

As for other stakeholders, the Forum has attracted the participation of some scientific research institutions and a market intelligence unit, the main network of European and North American NGOs and private not-for-profit certification bodies such as, Fairtrade International/FLO-Cert and the Rainforest Alliance. Even if governments are not contributing members, there are some who participate directly in the Forum's work (notably Ecuador, the largest exporting country) and others who have provided funding for the formal preparations of the Forum's launch or to the working groups (Great Britain, France and The Netherlands). When it comes to international bodies within the UN system, the FAO plays a key role in hosting the Secretariat within its Trade and Markets Division as well as receiving the Forum's membership fees and governmental donations through its multi-donor trust fund. The International Labour Organisation (ILO) participates actively in the Forum's work, and UNCTAD played an important role in the Forum's preparatory phase.

The only actors who are subject to an internal debate regarding the legitimacy of their affiliation, and which is so far unresolved, are companies who produce and trade agricultural chemicals. The Forum's Charter, which all members should adhere to, does not exclude them. However, there is a minority of stakeholders at Coordination Committee level who have opposed their participation.

Power relations and equal voices

The issue of power relations is central to the balanced development of any multi-stakeholder initiative. All too often, the historical origins of an initiative define once and for all the relationships

between the powerful economic stakeholders and, for example, workers or small producers. When a major international NGO and a multinational company launch a sectoral initiative, particularly when they prioritise an agreement on private standards, they do not necessarily see the benefit of explicitly including other stakeholders such as workers, let alone carrying out preparatory work to secure the participation of these stakeholders.

In the case of the World Banana Forum, there was a long process, over 12 years, during which those most likely to be excluded - due to their absence of voice compared with the powerful economic stakeholders - co-organised, with the help of a coalition of NGOs and Northern trade unions, a series of meetings, including two major international conferences, in which their agenda was presented and discussed. This long preparatory phase allowed a more balanced power relationship to be established; that is, between those who are powerful and those who, 20 years ago, were not able to make their voices heard by those who monopolised power but depended on their labour or production (plantation or packing plant workers and small-scale producers).

This somewhat unique history means that today there is a relatively equal representation of voices within the Forum. The representatives present in the working group or governance meetings have developed a pattern of listening to one another and seeking consensus. Trade unions have, for example, been able to influence the choice of priority topics in the same way as companies. It is perhaps true that for some companies who did not participate in the whole preparatory process, and therefore the building of mutual trust, the choice of topics may sometimes seem a little too influenced by unionised workers. Or, vice versa, for leaders of trade union organisations or small producer associations who join the Forum for the first time, the discussions may seem a little too focused on consensus building and not on finding solutions to pressing local and national problems.

To an extent, it is a new situation for everyone and it requires effort from all stakeholders in building constructive dialogue that is oriented towards finding practical solutions. We must not forget that the banana world has been characterised by troubled relationships, even violent, during most of its century-long history. The political and trade conflict within the WTO (from 1993 to 2000) prolonged the troubled relationships, including between similar stakeholders but which had opposing business interests.

The skills to build dialogue, when there is such a history and culture of persistent enmity or mistrust, do not develop overnight, and require a certain level of maturity from the different voices represented. However, 15 or 20 years ago nobody would have foreseen the existence of a forum where all stakeholders in the industry openly discuss issues as sensitive as prices, costs, wages, pesticide contamination or freedom of association.

Decision-making

As the permanent working groups are “open spaces”, decisions are made consensually amongst participating stakeholders. The group coordinators hold responsibility for the focus and agenda of the virtual and physical meetings. If the group is not able to arrive at a consensus, questions can be raised at two other levels:

- the executive committee, made up of nine Forum members who meet on a monthly basis,
- the coordinating committee, made up of 25 members who meet bi-annually.

These two bodies also operate on a consensus basis, but can also resort to a vote if a consensus proves difficult to achieve. These two committees safeguard adherence to the Charter and take decisions on the global focus and principles of how the Forum operates.